



# **Applying the ecosystem concept in conducting urban policy and urban planning related to urban regeneration in historical centre - Case Torikorttelit**

Master's Thesis  
Department of Built Environment  
School of Engineering  
Aalto University

Espoo 27.11.2017

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<b>Title of thesis</b> Applying the ecosystem concept in conducting urban policy and urban planning related to urban regeneration in historical centre - Case Torikorttelit		
<b>Degree programme</b> Degree Programme in Real Estate Economics		
<b>Major</b> Real Estate Investment and Finance		<b>Code</b> M3009
<b>Thesis supervisor</b> Professor Seppo Junnila		
<b>Thesis advisor(s)</b> Professor Seppo Junnila		
<b>Date</b> 27.11.2017	<b>Number of pages</b> 51+2	<b>Language</b> English

### Abstract

Urban regeneration can be defined as a public policy binding together research on network in the fields of urban policy and urban planning. Urban development and the urban planning establish the framework within which urban regeneration takes place. Through the structures of urban policy and urban planning city makes strategic choices of how to organize its regeneration activities. Sometimes the organization can be formed by the city as a private-like organization in a form of city-owned public corporation. The management of such municipality subsidiary companies falls in the sphere of political models of governance. This requires therefore a comprehensive knowledge on the hierarchies and management systems it includes.

This thesis is a case study of the regeneration of the historic Torikorttelit area in Helsinki. Torikorttelit, as places for the most part, is strategically positioned and managed, and part of a bigger concept as an urban space. Therefore, there is a need to study how a city organization can nurture the formation of a successful network of ecosystem for regeneration project.

This thesis examines the structure behind governing a regeneration project by a city-owned subsidiary in a historic centre. Because historic centres have political, economic and social, as well as heritage value, there is a need for interconnection of policies, people, culture, the environment and the economy. Therefore, this thesis investigates how effective is the urban governance in a regeneration project, such as Torikorttelit, in establishing, maintaining and managing a forward-going, utilitarian and relatively functioning development. Furthermore, some of the structural premise of a city-owned subsidiary as a regeneration company are studied. This thesis also examines the ecosystem concept and its applicability in a context such as this. The purpose is to present the network of participants, governance system and shared logic in the Torikorttelit development ecosystem.

The research was conducted by performing a semi-structured interview study with seven interviewees. The interviewees were selected based on their position in the ecosystem which was related to the governance issues, and they also had expertise within regeneration.

**Keywords** Ecosystem, urban regeneration, urban governance, urban policy, urban planning

<b>Tekijä</b> Esko Vuorio		
<b>Työn nimi</b> Kaupunkipolitiikan ja kaupunkisuunnittelun tarkastelu ekosysteemikonseptin avulla historiallisen keskustan elävöittämisessä – Tapaus Torikorttelit		
<b>Koulutusohjelma</b> Kiinteistötalous		
<b>Pää-/sivuaine</b> Real Estate Investment and Finance		<b>Koodi</b> M3009
<b>Työn valvoja</b> Professori Seppo Junnila		
<b>Työn ohjaaja(t)</b> Professori Seppo Junnila		
<b>Päivämäärä</b> 27.11.2017	<b>Sivumäärä</b> 51+2	<b>Kieli</b> Englanti

### Tiivistelmä

Elävöittäminen voidaan määritellä kaupunkipolitiikan ja kaupunkisuunnittelun yhteenliittymäksi, jonka sitoo yhteen kunnallispolitiikka. Kaupunkipolitiikka ja kaupunkisuunnittelu luovat puitteet, joissa elävöittäminen tapahtuu. Kaupunkipolitiikan ja kaupunkisuunnittelun rakenteiden kautta kaupunki tekee strategisia valintoja siitä, kuinka järjestää elävöittämiseen tähtäävät toimenpiteet. Joskus strategisena valintana kaupunki muodostaa tytäryhtiön elävöittämisen toteuttajaksi. Tällaisen kunnallisen tytäryhtiön johtaminen edellyttää hallintotapaa, jossa tunnistetaan eri kunnallisen kehittämisen hierarkiat ja toimintatavat.

Tämä diplomityö on tapaustutkimus historiallisesti poikkeuksellisen arvokkaan Torikorttelit-alueen elävöittämisestä. Torikortteleiden elävöittäminen on kokonaisuudeltaan strateginen valinta puolustaa keskustaa, ja se voidaan nähdä osana laajempaa kokonaiskuva kaupunkitilasta. Tämän takia on tärkeää ymmärtää, minkälainen ekosysteemi elävöittämisen ympärille muodostuu ja miten sitä hallitaan.

Tämä opinnäytetyö tutkii historiallisen keskustan elävöittämistä kaupungin omistaman tytäryhtiön toimesta. Koska historialliseen keskustaan liittyy poliittisia, taloudellisia ja sosiaalisia sekä kulttuuriperinnöllisiä tekijöitä, tarvitaan politiikan, ihmisten, kulttuurin, ympäristön ja talouden yhteenliittymistä tapauksen tutkimisessa. Tämän vuoksi tutkitaan, kuinka tehokas on Torikortteleiden elävöittämisen hallintotapa, kun tähdätään tehokkaaseen, eteenpäin menevään ja sujuvaan projektiin. Lisäksi diplomityössä tutkitaan kaupungin omistaman tytäryhtiön rakenteellisia lähtökohtia. Työssä tarkastellaan myös ekosysteemikonseptia ja sen soveltuvuutta ilmiön tarkasteluun tällaisissa kontekstissa. Tavoitteena on esitellä Torikortteleiden kehittämisen ekosysteemin osallistujien verkosto, hallinnointitapa ja yhteinen logiikka arvon luomisessa.

Diplomityön empiirinen osio tehtiin puolistrukturoiduilla haastatteluilla seitsemän asianosaisten kanssa, joilla oli ekosysteemin hallinnointiin liittyvä rooli ja asiantuntijuutta elävöittämisestä.

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**Avainsanat** ekosysteemi, elävöittäminen, hallintotapa, kaupunkipolitiikka, kaupunkisuunnittelu

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## Acknowledgements

*This thesis was completed as an assignment for Helsingin Leijona Oy. Therefore, I would like to express my gratitude to Peggy Bauer and the entire organization. I am thankful for the collaboration and support, as well as, one of a kind and utmost interesting project. Furthermore, I would like to thank Jutta Menestrina and Jenna Isokuortti, with whom I had the pleasure to work with in the project. In addition, I would like to thank my supervisor Seppo Junnila who introduced me to the topic of ecosystem.*

*I would also like thank my family and friends who supported our family throughout this project by giving us help when needed in babysitting. What a year has it been! Three jobs, one thesis and one baby. Never again. All my deepest thanks and love to Emma for being there for me and for the boys.*

Helsinki 27.11.2017

Valtteri Vuorio

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# 1 Introduction

Urban centres are important places in cities. Whether they are historic districts or newer centres, they are characterized by a diversity of uses, such as retailing, housing, entertainment, and a mix of civic, administrative and professional services. (Balsas 2004, p. 101) However, without someone to experience a place there is no such. This in turn is the essential criteria for regeneration of an existing place (Relph 1976).

Urban regeneration creates new markets by increasing confidence and attracting inward investment. Regeneration rekindles economic and cultural vitality of an area. Urban regeneration can function as a catalyst for sustained improvement and growth in the whole city. (Byrne 2001, p. 160) Through urban regeneration, there can be a lasting improvement in the economic, physical, social and environmental condition of an area. Urban regeneration tackles problems in a strategic and long-term approach. (Roberts 2000, p. 17-18) The overriding requirement for an efficient urban regeneration is that the people involved should possess a sense of vision, both in the management of the projects and the design. (Colquhoun 1995, p. 28)

In urban development, phenomena and changes are largely linked to location and economy, but the development of a city network is also affected by regional policy. Cities can affect e.g. the localization of enterprises through planning and other land use planning, business policy, land policy, transportation policy and the provision of services. (Loikkanen et al 2012, p. 16, 37, 100). City centres have gained importance in the urban development process (Cantell 1999, p 131), and the historic centres in many European cities have developed in parallel with the development of public policies in general and urban planning policies in particular. (Blanco et al 2011, p. 326)

Strategic urban planning develops a more coherent spatial policy, connecting land use regulation, environmental sustainability, urban regeneration and infrastructure delivery (Albrechts et al. 2003). Albrechts's (2004) general definition for strategic spatial planning is as follows: "a public-sector-led, socio-spatial process through which a vision, actions, and means for implementation are produced that shape and frame what a place is and may become" (Albrechts 2004, p. 747). Furthermore, because urban areas' problems are interconnected, there is a need to address them with urban level strategic frameworks (Carter 2000, p. 37).

Bugliarello (2006, p 20) defines urban sustainability as the intersection of two enormous challenges: urbanization and sustainability, that is, in terms of long-term urban livability and resilience. In addition, sustainable urban value can only be created if economic, ecological and social components of sustainable development are simultaneously enhanced and pursued (Ristimäki and Junnila 2015, p. 12540). For example, in land use management, an effective implementation of sustainable urban plan requires that the local authority controls a certain amount of land, acquired strategically over the long term. (Gauzin-Muller 2002, p. 40)

Urban regeneration is a special issue bringing together research on network in the corresponding fields of urban policy and urban planning in interdependencies and exchanges among a number of actors within policy and strategy. Networks are more than simple membership structures, where belonging to the network implies equal access to the negotiations (Toikka 2009, p. 74). In strategy research and practice the 'ecosystem' as a metaphor has been increasingly used. The term was first introduced in literature in the mid-1990s by Moore (1993). and subsequently the ecosystem has been increasingly adopted, e.g. by Thomas and Autio (2014), who created an ecosystem construct, offering a tool for the purpose of holistic analysis of value creation in ecosystem.

One of the most influential frameworks in describing a change in the relations between the public sector, the market and the civil society is governance. The concept of governance can be defined as a shift from the traditional and hierarchical government towards e.g. network-based structures, where there is a multiple stakeholders. In urban issues the concept of governance can be linked to the specific history of urban studies. (Kuokkanen 2009, p. 58) Governance effort embraces both policy development and the delivery of programmes. It promotes the articulation of the purposes of governance and the making of the strategic decisions about directions and key actions; and it pushes the organization of programmes to deliver what has been agreed upon. (Healey 1997, p. 211)

## **1.1 Background - Torikorttelit**

The purpose of Torikorttelit redevelopment is to create a *New Old City* in the heart of Helsinki, which is city's own mall, and which neighboring areas would use and Helsinki residents would feel as their own. The city of Helsinki is conducting urban regeneration project for the area and its surrounding neighbourhoods through its subsidiary company Helsingin Leijona Ltd, and thus Torikorttelit and its managing company are largely part of the city's urban policy and strategic urban planning.

The regeneration project of Torikorttelit has been a matter of increasing vitality in the centre. The area of Torikorttelit has been stagnated commercially and in terms of attractiveness. This has resulted into regeneration project through a political process and strategic decision-making. Municipality-oriented regeneration in a particular area can sometimes be part of a bigger picture. Torikorttelit, as places for the most part, is strategically positioned and managed, and part of a bigger concept as an urban space and place. Torikorttelit is also part of the maritime Helsinki, creating architectural profile for the city. Hence, the area's vitality is of crucial nature to the City of Helsinki.

One cannot examine Torikorttelit as such, separate redevelopment project. The regeneration of Torikorttelit is part of a wider perspective: keeping the whole centre vital and competitive. Parts of this sedimentary picture are, among other things, city's industrial and urban policy, urban regeneration, urban activism, urban business through city-owned subsidiary, and cultural activities. At the heart of this is the citizen's relationship and ownership to one's city.

This thesis focuses on historic city centre and intends to examine how a city organization can nurture the formation of successful network of ecosystem for regeneration project. This



thesis also asks, what is required from the city to conduct efficient urban policy and urban planning related to urban space and in ways to keep historic places competitive and vital.

## **1.2 Research Objectives**

The aim of this thesis is to examine some of the structural premise for a city-initiated regeneration project and real estate development in historic centre conducted by city-owned subsidiary. The primary objective of the study is to research how historic centre developments with future commercial purposes in mind are designed to facilitate urban regeneration from the governance perspective. This is examined with the help of using the ecosystem concept by Thomas and Autio (2014).

First, an examination of theories will be utilized in studying the case of Torikorttelit. The purpose is to research whether past procedures surrounding Torikorttelit have been in cooperation and in mutual understanding about the purpose of the project. Furthermore, the purpose is to study how Torikorttelit has been launched from the motif of urban regeneration, and whether some of the individual components of the project reflect the characteristics of the academic literature around the themes.

In addition, the aim is to supply information of the ecosystem concept and its applicability in a context such as this, and further examine especially the value creation and governance system. The purpose is to present the network of participants in a historical centre regeneration project, and bring forth how the ecosystem is governed.

Overall, the combined, pervasive task is to study the structure behind governing a regeneration project by city-owned subsidiary. Because historic centre, and centres overall, have political, economic and social value as a social phenomenon, i.e. cities and centres are collectively owned and consumed by its residents, then there is a need for interconnection of policies, people, culture, the environment and the economy. The task is, therefore, to find a conclusion on to how effective is the urban governance in a regeneration project, such as Torikorttelit, in establishing, maintaining and managing a forward-going, utilitarian and relatively functioning development. To answer the research problem, the thesis is guided by three research questions with sub-questions:

1. How does a city-owned subsidiary serve its purpose in a regeneration project?
  - a. Does the Torikorttelit development reflect the characteristics of urban governance networks?
2. How do the special features of Torikorttelit reflect the characteristics of ecosystem theory?
  - a. Thomas and Autio (2014) argue, “Ecosystems are typified by an explicit focus on collective value creation”. In the case of Torikorttelit, what do the different participants – politicians, policy-makers, public officials and Helsingin Leijona Ltd - consider as value creation?
  - b. Do the different participants in the ecosystem have mutual awareness of the project's goal and does that have any greater value in the development project?

3. Does the value creation of Torikorttelit development ecosystem fall under the nine elements presented by Thomas and Autio (2014)
  - a. Do the the governance characteristics of Torikorttelit enable smooth operation?

### **1.3 Research Methodology**

The research method for this thesis has two phases: first a literature review is carried out to map out the previous research on the topic of the ecosystem. The focus is on governance in an ecosystem. In the literature review, chapter 2, the sub-chapters 2.1-2.7 serve as a background for the bundling theme, regeneration, which after the ecosystem is presented. The second phase of the research is presenting the case study through interviews. This research included about 7 in-depth interviews with key stakeholders in Torikorttelit. Most interviews were conducted during the summer 2017. Given the role of leadership in governance, political and administrative leaders were included in the interview-process.

Understanding how historic centre, urban regeneration, urban policy, urban planning and governance are related to each other requires access to knowledge of the organisational structures of city governments, their agencies and planning processes. These are formally documented, but they do not necessarily represent the practice of urban policy making, implementation and governance. It is for this reason that this case study research relied to a great degree on qualitative interviews with key stakeholders centrally involved with taking the key governance actions related to the urban development and regeneration of Torikorttelit.

In addition, analyzing the case study is filled with external context, as described above. Therefore, it is considered vital to approach the case study by using a holistic perspective, as described by Yin (2003, p. 58-61), in order to understand the research objectives.

The following methods of data collection for Torikorttelit were used:

- (1) documentary analysis of regeneration plans, reports from the retired and current CEO to the municipality council, technical and otherwise related reports to the project; many of them containing an analysis of the history of Torikorttelit
- (2) Semi-structured interviews with politicians, administrative leaders and other people linked to the case study, and
- (3) direct observation

### **1.4 Research Scope and Limitations**

Torikorttelit is a case in which regeneration means the revival of the historic values of the buildings in the blocks, the protection of the cultural heritage, and the opening the entire area for the use of citizens, tourists and entrepreneurs. It is therefore a matter of overall interest, where dialogue, participation and shared understanding of the purpose of the project are important. The scope of the research is limited to the regeneration and development activities in Torikorttelit especially in the initial phases, therefore, excluding Torikorttelit as a service ecosystem and ignoring its development company Helsingin Leijona's assignment in

managing the daily tasks, which however could be argued to heavily be affiliated with regeneration in the area.

There are a great deal of comparative studies that stress the diversity of urban regeneration practices around the world, but there are deficiencies in such comparative analyses in relation to this thesis: tendency to over-represent english case studies and tendency to over-represent national characteristics, as well as tendency to over-represent regional urban regeneration projects. Furthermore, there are the previously mentioned ecosystem case studies of finnish context, but they focus greatly on the value creation, whereas this thesis builds its ground on the governance aspect. The approach in analysis, therefore, is holistic point of view, where the whole phenomenon is understood as a complex system, and it is analyzed as such (Yin 2003, p. 41, 59).

Furthermore, due to the nature of the case studied, the different themes surrounding this thesis in the literature review are attempted to be presented to the reader from a holistic point of view. That is, subjects such as urban planning are viewed from a strategic and policy point of view of a municipality, i.e. on the whole as a socio-cultural context, and are not treated solely as technical and design processes. Moreover, the technical and design aspects of urban planning are either left untouched or touched only briefly.

## **1.5 Structure of the Thesis**

This thesis is structured as follows. The first chapter presents a general background on the topic and presents the objectives of the thesis. Chapter 2 is a literature review and gives an overview of the urban regeneration in historical centre. Because of the holistic nature of the topic, this chapter is divided into subchapters that introduces the reader to the various elements that constitute the topic. Chapter 3 gives a short overview of the ecosystem concept, and the subchapters describe the ecosystem concept by Thomas and Autio, which is used in analyzing the case study. Chapter 4 introduces the methodological background for the case study. Chapter 5 introduces the case study Torikorttelit, which after Chapter 6 presents the results of the interviews. Chapter 7 summarizes and concludes the thesis.

## **2 Literature review - Urban regeneration in historical centre**

This chapter serves as a background for the empirical portion of the thesis. Carried out as a literature review, the chapter provides a theoretical background for the thesis by first introducing the underlying structures of a historic centre regeneration. It is structured intuitively by top-down approach where the starting point is the urban space and the vanishing point is the governance, which after the ecosystem concept is introduced.

### **2.1 Urban Space**

Spatial issues are of central importance in discussing urban development projects (Cantell 1999; Lefebvre 1991; Harvey 1973), and the regeneration of a historical centre. The nature of space can be defined by the human practice in it (Harvey (1973, p. 13), and the relationship between public spaces can be described as urbanism (Cohen 1999, p. 81). Urbanism is filled with meanings attached to places, and disagreements as how places should be regarded and developed. Harvey (1973, p. 13-14) has divided the nature of space into three dimensions which he calls absolute, relative and relational space. Especially the third dimension, relational space, is interesting in regards to the development activities in historical centres. According to Harvey (in Cantell 1999, p 22), relational space deals with the influence of intentions and objectives over the way space is regarded and valued. In this regard relational space is interconnecting with negotiating the meaning and usage of a place. Furthermore, relational space can be seen as a complex urban environment. It deals with elements, objects, and actors which are complex entities in themselves. (Verwijnen & Lehtovuori 1996, p. 173)

Urban environment's complexity could also be stated as emerging from the urban situation. David Shane (2005) argues that city is qualitatively in a new urban condition. This means that urban situations are heterogeneous and mixed, not simple and pure. Shane provides seven benchmark concepts in order to reconceptualize urban situation and environment: 1) The disappearance of the master plan, 2) The incorporation of the irrational in the postmodern city, 3) The city is a chaotic feedback system, 4) The city is composed of heterogeneous flow systems, 5) The city is a patchwork of heterogeneous fragments, 6) Urban heterotopias are specialized patches, acting as testbeds of change; 7) The city is layered structure of heterotopic nodes and networks.

Some argue that city is primarily reconstructed as a centre for postmodern consumption in which the city is seen as a spectacle. Property developers seek to construct these "new landscapes of power" in which consumption takes place. This is argued to pose a problem for people's identity which has been historically founded on place. Yet postmodern landscapes are all about place, but only in simulated tone for they exist there for consumption purposes. In contemporary city, new places are based around consumption and tourism. (Urry 1995, p. 20-21) However, it is argued that a city centre that does not offer trade, leisure and cultural opportunities as well as commercial activity is relevant only in a formal or historical way (Balsas 2004, p. 103). Through these perspectives it can be said that urban space is associated with aspects fueled with socio-spatial dynamics (Healey 2007, p. 13).

These complex dynamics of urban life can be somehow managed through spatial strategy-making, which can be examined through its more commonly known name in urban context - urban planning. Public space is usually described as the most fundamental feature of urban planning. Public space creates the surrounding forms from which all types of successful urban life springs forth and flourishes. (Cohen 1999, p. 81) Urban planning is responsible for forecasting and steering the urban space which is emerging through the interplay of urban structures and social movements. Urban planning is where the "methods and processes for visions, strategies and plans, resource management and political and juridical decision-making" are provided. (Wallin & Staffans p. 269)

However, urban planning in itself can be stated as a defining action rather than a performing action. This can be seen perhaps in its more wider term of spatial planning. In nature of places and spatiality, Healey (2004) suggests that in a general way, the term 'spatial planning' refers to:

*“self-conscious collective efforts to re-imagine a city, urban region or wider territory and to translate the result into priorities for area investment, conservation measures, strategic infrastructure investments and principles of land use regulation. The term 'spatial' brings into focus the 'where of things', whether static or in movement; the protection of special 'places' and sites; the interrelations between different activities and networks in an area; and significant intersections and nodes in an area which are physically co-located”*

All in all, urban centres are important places in cities. “They can be old historic districts or newer centralities, and they are characterised by a diversity of uses, such as retailing, housing, entertainment, and a mix of civic, administrative and professional services, among others”. (Balsas 2004, p. 101) However, the important aspect is that there is no place without someone to experience it, which is, at the end, the essential criteria for renovation and maintenance of an existing place (Relph 1976).

In recent years, there has been a reawakened interest in the significance of the qualities of places (Healey 2007). Urban quality can be defined as one in which space, and the buildings that shape the space, clearly comprise wholeness. (Cohen 1999, p. 81) An integral feature of the qualities of places is that they exist within a hierarchy of spatial scales. In this regard, places have a heritage which is at local, regional, national, continental and international scales. Heritage can be considered as an attribute of a place which contributes, among with other attributes, to a place's identity and to the identification of individuals and groups within a place. (Graham et al. 2000, p. 4). In this regard, the issues surrounding heritage are of important factor when examining the development of a one specific urban place - the historical centre.

## **2.2 Historical Centre**

In Tiesden's (1996) *Revitalizing Historic Urban Quarters* book, historic public space has emphasis on the physical and social characters, and it is argued that through usage or consumption of the space, it turns into a place. Hence, without economic relationship, there is only the historic or ceremonial significance in city centre. Furthermore, a historical city or centre has its appeal and attraction but such space can be difficult to conserve or keep in sufficient condition without it serving to some purpose, i.e. without it having a space for usage. (Balsas 2004; Huovinen 2017). For example, in tourism the physical landscape is turned into a socially produced space through the inscription of meanings, which incite the desire to visit. In other words, a destination produces a sense of hereness and becomes a place distinguished from others through its possession of some attribute. One might argue that the hereness is socially inscribed values and meanings layered onto the landscape. (Graham et al. 2000; Cantell 1999, p 22)

Heritage, cultural and economic geography and tourism literature are commonly addressed in parallel tracks despite of their shared concerns. (Graham et al. 2000, p. 4) Heritage can be, either alone, or in combination, used as part of economic development policies. Heritage can be seen by many cities as a useful economic activity, and create windfall marginal claims, and even by some act as a major support for a local economy. In some cases heritage

can even achieve such external fame that a local image and economy are completely dominated by it. (Graham et al. 2000, p. 176-177)

Built heritage values translate into the medium of money inconsistently. This is due to “all values of the built environment are not reducible to one-dimensional conceptualization with objectivity and exact measurement”. However, because of political decision-making is viewed through budget, denying the economically calculable dimensions of the built heritage can lead to its marginalization. The heritage value is a multidimensional phenomenon depending on the context and the agents involved, and thus evolving through time. (Mäntysalo & Vicente-Theme 2010, p. 8-9; Vicente 2010, p. 22)

### **2.2.1 Heritage**

Heritage can be seen as a spatial phenomenon. It is a relationship between heritage building or area and its place, and is therefore important because heritage is concerned with location, distribution and scale. Hence, e.g. an area, and one’s idea of its heritage distribution, and variety of scales, all contribute to the intersection of heritage and geography. Heritage is at the same time both cultural and an economic good. This multiple use and consumption results often to conflict between various interest groups involved. Attempting to integrate these dual and inherently conflicting cultural and economic roles of heritage can be difficult. (Graham et al. 2000, p. 4-5)

There has been a shift of emphasis from tourist attractions to heritage tourism. Due to this, heritage can be thought of as industry. It has been criticized in derogatory terms the same way as the culture industry. The culture industry has been referred to the idea of turning culture into commodity. However, heritage has been identified as being so called good business, and something that has been increasingly and consciously produced. The heritage industry marks one of the ways to integrate the culture sector into the general economy. (Cantell 1999, p 120-122)

In heritage, sustainability is ultimately a normative idea, and therefore, dominate the valuation and rights of how resources should be used now and in the future. In managing a heritage, preservation and development are the two dominating strategies. Sustainable development strategy is therefore an attempt to reconcile preservation and development, and not choose between them. In terms of demand for heritage, the heritage sustainability is especially both a development and a preservation issue. (Graham et al. 2000, p. 152-153)

### **2.2.2 Conservation**

There are essential differences between the concepts of conservation, renovation and rehabilitation. However, when added together, their sum is conservation. With additions to existing buildings constitutes urban renewal. It can be difficult to reach a definitive decision regarding the formulation of general criteria for conservation on an urban scale. The indecision begins at the regional level and continues down to the details. (Cohen 1999, p. 87)

The background of the policy accompanying conservation is between the balance of the right of the public to protect areas and the right of property owners to maintain property values. The concept of property conservation is aimed at increasing property values. However, urban planning has to incorporate the background and history. Urban planning will be judged in a few generations which will burden those involved with planning. For this reason, it is important to realize that urban planning integrates self-preservation mechanism - some overt and others covert. In conservation cooperation and fusion are the keys to ensuring high-quality, economically feasible projects that are esthetic. (Cohen 1999, p. 91)

One important question in conservation is, how old should the historical buildings be? For example, Huovinen (2017) has defined in her doctoral dissertation the goal of urban conservation as something that keeps the city as authentic and lively as possible. According to Huovinen, the emphasis in urban conservation has shifted from style-wise coherence to the pursuit of authenticity, stratification and conservation. However, in the pursuit of authenticity, at times rises the “abstract” reference to “the spirit of the place” - *genius loci*. (Huovinen 2017; Nikula 2012) The question of how old the historical buildings should be, is indicating to this.

According to Huovinen (2017), a good urban conservation can be searched within the resident satisfaction and from the shared experience of “meaningful life”. Consequently, endeavours in top-down approach of defining a desirable objective can cause conflicts. In general, in the case of historical districts, there are challenges and questions (UNESCO 2008, p. 5):

- How should development and competitiveness be aligned with respect for rights and the needs of inhabitants together with highlighting urban heritage as a public good?
- How should the safeguarding of old buildings and inhabitants’ traditions be structured together with the city’s new functions to forge an urban identity for all?
- How should the urban fabric be restored without halting the development of cultures or destroying natural resources and yet integrating current cultures?
- How can social cohesion be ensured by managing the pressure of property owners and the need for a socio-cultural mix of different generations?
- How can sustainable revitalization projects be successfully carried out with appropriate expertise and means?

These questions arise from the complex challenges and processes of urban revitalization and emphasize the need for interconnection of policies, techniques, people, culture, the environment and the economy. (UNESCO 2008, p. 6)

Helsinki aims to preserve lasting urban values through conservation. Conservation is used in order to preserve the most valuable parts of the build environment in the changing city. Most buildings and areas are protected by the local detailed plan, and in some cases a building can be protected by national building protection legislation. (City Planning Department 2006, p. 48) The 1960’s demolitions and deconstructions has transformed the appearance of the Finnish cities, even by more than the Soviet bombings in World War II (Manninen), which resulted into new practices in conservation in Finland (Kivilaakso). New ideologies in building conservation also sustain their principles partly from the critique by Architects Vilhelm Helander and Mikael Sundman to the Architect Aarno Ruusuvuori’s planning principles of the Helsinki city hall, now partially a part of Torikorttelit (Helsingin kaupunginmuseo 1998).

### **2.3 Urban Regeneration**

Urban regeneration can be thought of as widely experienced phenomenon (Roberts and Sykes 2000, p. 3). Regeneration can constitute of actions that are particularly targeted at neighbourhoods that are in danger of urban decay. These actions intend to increase habitation, cultural activity and trade in the area. (Huovinen 2017, p. 16). A successful regeneration can be seen as a more comprehensive approach than urban renewal and revitalization techniques, with social and environmental policies incorporated (Tsenkova 2002, p. 1).

The measure of success of regeneration actions can be seen as the competitiveness of the region, which is, among other things, the characteristics of the region that support successful business activities. A competitive area creates a driving force for the creation of new businesses and labor, and maintains the operating preconditions of companies already in the area. In order to strengthen the competitiveness of the region, the sub-areas must be at a satisfactory level. In addition, to attract entrepreneurship and tourists as well as events, the region's developer should point out the strengths and differentiating factors of the region. (Sotarauta and Viljamaa 2003, p. 24-25)

Roberts (2000, p. 17) defines urban regeneration as “A comprehensive and integrated vision and action which leads to the resolution of urban problems and which seeks to bring about a lasting improvement in the economic, physical, social and environmental condition of an area that has been subject to change”. Other urban “emphasis” differ from the regeneration in somewhat, e.g. Urban Renewal can be seen as physical change, Urban Development (or Redevelopment) as general mission, Urban Revitalisation (or Rehabilitation) with a programme with lack of precise method or approach, and urban lifestyles as urban activities and processes, as well as patterns of city living. In addition, urban regeneration tackles problems in a more strategic and longer-term approach. (Roberts 2000, p. 18; Markkula & Kune 2015, p. 26)

Furthermore, Byrne (2001, p. 160) draws a distinction between urban “regeneration” and “redevelopment” in that he states the development being “bringing land and buildings into whatever use the market determines as the most appropriate for that site at that time”, and regeneration as aiming to “create new markets by increasing confidence and attracting inward investment. A regeneration project is needed to rekindle economic and cultural vitality of the site itself and also creates similar betterment to its immediate environs. When combined with other such schemes, it will also be a catalyst for sustained improvement and growth in the whole city and indeed the region”. In addition, Markkula & Kune (2015, p. 26) define urban development as the construction of urban infrastructures, buildings and networks.

Besides geographically scattered, urban regeneration process can be an initiative of housing-led, culture-led, specific building-led or event-led. In addition, retail can be used as means of urban regeneration, mostly associated with town centres trying to increase vitality and viability. (Guimaraes 2016, p. 352) Furthermore, regeneration through events can have implications in all dimensions of sustainable communities, e.g. such with jobs, leaders, community involvement, green spaces, mixed uses, high density, good transport, public



services, cultural provision and strong sense of place. (Smith 2010, p.199-219) Also, specific buildings, such as museum, itself acts as public building, landmark, symbol or contemporary creation, part of urban regeneration projects (Layno Rosas 2016). In retail-led regeneration, the retail development creates an increased availability of space and as such, a wider choice for retailers and investors in the town centre. (Claxton & Siora 2009, p. 15) Furthermore, in recent decades cities have been investing significantly into their cultural infrastructure and creative economies, and culture has played a vital mean in urban regeneration (Vickery 2007).

A vibrant city center is dependent on retail, leisure and commercial activity. These, however, depend on customers, visitors, residents and employees. Retailing is a major element in urban life, and possibly most relevant in terms of vitality and viability of the center. The city centre has only ceremonial and historic significance without the economic relationship between customer and supplier. Liveable is a concept difficult to define, but can be a place which is “safe, clean, beautiful, economically vital, affordable to a diverse population and efficiently administered, with functional infrastructure, interesting cultural activities and institutions, ample parks, effective public transportation and broad opportunities for employment”. (Balsas 2004, p. 103)

In the end, urban regeneration can be defined as a public policy. Within the policy the purpose is to enhance economic activity, restore social function, and restore environmental quality or ecological balance. In this regard urban regeneration is not planning and development of new urbanization but rather the implementation of management and planning of existing urban areas. (Couch and Frazer 2008)

## **2.4 Urban Policy**

Richard Musgrave, in his ‘The Theory of Public Finance’ (1959), divides public finance into three main branches. One branch was devoted to the problem of achieving full employment, a second branch focused on economic efficiency, and the third branch dealt with issues of redistribution to achieve a politically acceptable distribution of income. Based on Musgrave’s research is the fiscal federalism, which is concerned which functions and instruments should be centralized and decentralized, i.e. the government level or the local e.g. municipality level. According to fiscal federalism the stabilization and income distribution policies should be centralized, whereas much of the allocation policy, Musgrave’s second branch focusing on economic efficiency, should be decentralized into local level. (Laakso and Loikkanen 2004, p. 387-388)

A core feature of urban public finance is that it is connected with the nature of cities and the functions of urban governments. (Auerbach et al. 2013, p. 196) Czarniawska (2000, p. 141) presents the picture of the city management as an action net under transformation as something that one muddles through. However, muddling through makes a city function, and numerous and varied attempts are something that can reframe a city and achieve a change. In Finland, municipalities face internal and external challenges to their operations, such as globalization, networks, technology, migration and aging of the population, which all result to the changing of the nature and role of the municipality from the service provider to the ‘service producer’ (Lauronen 2009, p. 21-31).

The resulting factor is that in Finland municipalities' decision-making freedom regarding their region and community increases, and the future municipality will have such developments as increasing self-sufficiency regarding information, skill and decision-making; increase in importance of spatial structure; and creation of new possibilities and needs for the functions of municipality due to the increase of people's spare time. (Lauronen 2009, p. 31) New liberties and possibilities in decision-making also result to new responsibilities.

For cities to become more liveable, bureaucrats should be open to direct democratic demands, regardless of how inconvenient and unreasonable they might be (Evans 1996, p. 516). Initiatives, such as encouragement of local communities to take on the management of their local open spaces or empowerment between the public and private sector through e.g. recommending private companies to perform a social role in e.g. promoting art in the community, are measures to make public officials more responsive to the concerns of businesses and citizens. It is about being more accountable to the people they are supposed to serve. (Healey 1997, p. 208)

Hence, the municipal council expresses the will of the residents. It is responsible for the municipality's activities and finances and exercises the municipality's power of decision. The council has a strategic leadership role in determining the municipality's long-term objectives and goals. (Association of Finnish Local and Regional Authorities 2017) In Finland, as of June 2017, the local council shall decide on the municipal strategy (Ministry of Finance, Finland). The strategy shall determine "the the long-term objectives for the municipality's activities and finances", and also include policies about its ownership, development of the living environment, etc.

The strategic plan is not a separate document, but a largely internalized operation culture by the city (Ahlava and Edelman 2007). For example, in Toronto, strategic plan is defined in a manner where it is basically the implementation of change. A successful strategic plan guides and formulates changes in an identified timeline by setting clear expectations and measures. (Toronto Strategic Plan 2013). Public organizations do not necessarily require rational planning due to their manner of attracting more complexity and turbulence. Instead, public organizations' strategy making aspires to be more open-ended without much managerial control. Therefore, public sector's strategy tilts more into alternative visions and attracting internal or external support for them, and occasionally actuate others into discuss about those visions. (Johnson and Scholes 2001, p. 1-13)

The municipal council can have a short memory, due to having a task which is not to preserve the continuation of an industrial or professional tradition, but to reflect the changing preferences of the electors. (Czarniawska 2000, p. 142) In this regards city development is ultimately a political issue. Therefore, it may be prone to reorientation during different administrative periods and to the need of decision makers to leave their own handprint to the city. In urban policy the policy frame and the way of thinking affect the mode of operation. (Puustinen et al. 2016; Roberts and Sykes 2000, p. 11; Lauria 1999 p. 131-139) In helsinki this can be encountered in a concrete way on the different layers in the urban environment or in the different ways appearing vitality of the city centre. (Helsinki City Planning Department 2006, p. 48)

Build environment, or facilities, that are collectively owned and consumed have become politicized due to conflict arising out of their collectiveness in owning and controlling (Foglesong 1996, p. 132). There is also dynamics of change in public policy agendas and, moreover, in forms of urban governance. (Blanco 2011, p. 327) Moreover, the result of this has been a shift where the urban political arena has become populated by a host of new institutions better to serve the interests of private capital, such as public-private partnerships and quasi-public redevelopment authorities. (Jonas 2017, p. 236) Over the last decades neoliberalism, globalization and new public management practices have influenced and constrained urban policies. These policies are produced by urban governance networks, which are varied from place to place, even in the same country. Therefore, the structural and agency factors of locality determine the production of urban policies (Parés et al 2014, p.3252-3253).

According to writings in the 1970's (see for example Harvey 1976, Preteville 1976, Lamarche 1976) there are a variety of problems arising from relying upon the market system to guide urban development (Foglesong 1996, p. 133). However, during the 1980's the policy stance put greater emphasis on the role of partnerships in urban development, and especially on the commercial style of urban development. This continued with adjustments in the 1990's through urban policy shifting to a more sustainable development, especially in environmental objectives. (Roberts and Sykes 2000, p. 16) On a more general level, there has been much ideological debate over the years concerning public versus private provisions of goods and services. (Johnson and Scholes 2001, p. 214)

In 1980's there was a shift in urban policy from urban managerialism to urban entrepreneurialism (Harvey 1989). This implies that the role of local governance has shifted from providing welfare services to its residents to that of organising speculative projects and events in order to attract outside investment from footloose capital in order to stimulate local regeneration. New means of place promotion such as various cultural flagship projects gain prominence. (Cantell 1999, p. 136) For Harvey it seemed that urban political elites were engaged in a competition to attract new investment and consumption opportunities to their cities. (Jonas 2017, p. 235)

Some researchers have argued in the past that the city as a whole is lost in terms of idea and essence. This is blamed on the fractured and privatized elements of city structure. The background features of the redevelopment schemes of cities in the 1980's and 1990's are, in to some extent, a result of these thoughts. The emphasis in these schemes is, therefore, shifted especially from the harder side to the softer side of the general debate, and the concentration is in e.g. cultural impacts. The shift from harder to softer can be seen as a transformation from physical renewal to cultural. Key attributes of cities' fortunes are considered as issues of community, culture, quality of life, and mundane everyday life. (Cantell 1999, p 131-133; Blanco 2011, p. 326-327)

## ***2.5 Strategic Urban Planning***

Strategic urban planning seems to be increasingly important in recent decades as the metropolitan areas expand and grow. In order to achieve a stable urban structure, this growth should be treated in a controlled manner (Ratcliffe et al, 2009). This is where strategic urban planning is taking place. Property strategies are a key part of the urban planning policy, and

authorities have recognised the dangers of the city to spread further. Therefore, development has focused on the city and city centre itself. This is happening through different strategies concerning e.g. remodeling public spaces, developing vacant infills, and regeneration of industrial sites. (Gauzin-Muller 2002, p. 41)

At a general level, strategic planning should be primarily intended to respond to the ever complicating planning environment's chaotic problem. In an ever-expanding field of problem, it is important to combine the solutions of different planning traditions and to differentiate and divide different design problems that do not affect each other, but can be solved hierarchically. This makes the problems more manageable. The goal of a strategy is thus to achieve a successful development of the community structure through planning. (Loikkanen et al 2012, p. 142) Strategic planning will initiate the necessary planning processes to reach concrete measures. Strategic planning itself is not concrete. In many urban planning contexts it is mentioned as a way of thinking.

In urban planning the strategy means a guiding principle usually different from the formal planning for the development of the area, i.e. formal planning mechanisms are not necessarily the only way in developing strategy, and on the other hand, strategic planning can supplement the traditional planning. Thereby decision-making is set at the level of implementers. A common vision and goals are created and evaluated continuously in a strategy. Strategic planning and implementation, however, take place at different levels, but strategy in planning should be carried out in cooperation with its implementers. (Hutchinson 2001, p. 265–269, 273–274; Johnson and Scholes 2001, p. 30; Kunzmann, 2013, s. 13) There are traditions of equating strategy development and strategic planning. (Johnson and Scholes 2001, p. 30) In urban context, strategic planning involves scenarios that link economic and demographic changes to factors, such as identity, culture, history and collective memory. (Verwijnen & Lehtovuori 1996, p. 159)

In the culture of spatial planning there are three planning traditions which have woven together the transformative mechanism of systematic planning which maintains a new, more efficient and effective order to the management of urban regions: Economic planning, physical development of towns and the management of public administration and policy analysis. These strands of thought are linked to social policies; health, economy and convenience, and beauty in urban settings; and achieving effectiveness and efficiency in meeting explicit goals set for public agencies. (Healey 1997, p. 9-10)

The system of urban planning has been under reconstruction in many countries, especially since the 1980's, and also in Finland, and within a more economic framework in the planning there has been a growing significance of the agent in planning. This means that, not only has it been significant to recognize the multiple agents involved in the process, but also engaging them from the point of view of public sector in development projects. (Kurunmäki 2005, p. 25)

The recession in Finland in the 1990s forced many organizations and regions to seek new directions, whereby strategic planning became more common in public administration and at the same time in regional development (Mäkinen 1995). However, in urban planning, there have been problems with understanding the strategy in planning. This is partly due to the fact that the complexity of the built environment has increased both as a phenomenon and as an increase in research, the challenges have come to be comprehensive and require a

broad interaction, and because the planning systems are traditional institutions and practices whereby the structures and processes are static. (Loikkanen et al. 2012, p. 141-142)

In Finland, the strategic planning approach implemented by the public administration is considered to be mainly classic strategic planning (Koistinen 2006). Therefore, the planning is not directed specifically at the community but rather on the organization and its development. In strategic planning, the municipality can be seen as an administrative organization rather than as a citizen-based community. In such case, citizens and entrepreneurs may not be able to raise their views or even act as partners in planning. (Koistinen 2006, p. 79-82) This is being criticized and new ways of renewing strategy thinking are sought after, including the theory of soft strategy (Sotarauta 1996).

From a soft strategy point of view, the urban development strategy definition is “communicative processes where many actors are constantly searching for the urban area futures and similarities between their own goals, purposes and strategies which enable launching joint projects” (Sotarauta and Linnamaa 1999, p. 101). This means that urban policy should be based on a network-based approach, where planning should be both calculating and communicative, and based on multilateral interaction.

The Land Use and Building Act 1999 changed urban development in Finland considerably. Planning and building became largely done in the existing urban structure, and this affected the contents, processes and implementation of planning. Furthermore, the equal development on a national level was dropped from the way-of-thinking, and replaced largely with differentiated development paths on the local and regional levels. The emphasis shifted e.g. to the development of selected city regions. And more importantly, the Act allowed adopting the use of sufficient tools for the implementation of plans. (Kurunmäki 2005, p. 66-67)

The need to create plans for existing urban areas created a need to develop ways in which things get done in places with multiple stakeholders and regeneration problems - and with potential attractiveness. The concept of development area in the law (*kehittämialue*) was formulated for regeneration purposes. The development area system was an approach to define the public-private cooperation comprehensively for a project in accordance with a certain place-bound programme. The 1999 Act, among others, wanted to “enhance cooperation between all possible stakeholders and to support different kinds of development projects”, as well as “include environmental concerns, public participation, the promotion of economic development, and the competitiveness of city regions”. The result is a very normative collection of desirable means and ends in planning, without clear definitions on how they should be achieved. (Kurunmäki 2005, p. 67-69)

Through a more “programmatic” urban politics, the cities are now built by programmes, concept, ideas and contracts. There are also situations where programmes are not implemented thoroughly, but can still act as narratives where they have a powerful influence on the future developments (Kurunmäki 2005, p. 28), which can e.g. be seen in the case of Kirjava Satama concept idea (see Kirjava Satama). In addition, Healey (1992, p. 8) states that at least in the British context, the urban regeneration as a means of economic development has changed the planning from strategic plans into projects, events and individuals. Furthermore, this change seems to be of similar path in Spain (Blanco 2011, p. 326)

## **2.6 City-Owned Subsidiary**

In the process of urban development, the urban planning establishes the framework within which real estate development, as well as, urban regeneration, takes place. As sometimes the formal planning controls can be considered as weak or even absent, the planning has tended to become part of a generalized process of strategic urban development, hence providing a guiding role for the process. (MacLaran 2003, p. 64) Through this process, cities make strategic choices of organizing their real estate development activities. Sustainable development requires long-term commitment and continuous development, and learning strategic planning is a good starting point for resource efficiency (Lehtovuori et al, 2017, s. 104).

With growing intricacy and sophistication of the property development industry, there has been a need for a deeper understanding of all the policy, regulation, design, etc. dimensions of the development scheme. There are different models of the property development process, such as equilibrium models, event sequence models, agency models, and structure models. (Ratcliffe, et al. 2009 p. 329) In the structure-agency view of planning (see Healey et al. 1990), the key issue in managing urban development is “the organization of economic and political activity and of values about land, property, buildings and environments which frames or structures decision-making”. Structure can be seen as composed of various resources, rules governing behaviour, and ideas for strategies. There are active forces in structures with implicit and explicit principles of rules. These carry the power relations in the form of power over the formation of rules of behaviour and over the flows of material resources. (Kurunmäki 2005, p. 32-33)

Through the structures of urban policy, urban planning and the regulation, city makes strategic choices of how to organize its regeneration activities. There has to be a proper legal and financial framework ensuring that there are formal links to the city, the developers and the planning authorities. All parties should be allowed to play their own particular role in the process, sometimes meaning that one should accept that the private developer is best able to perceive market trends in urban regeneration development. (Colquhoun 1995, p. 26) Sometimes the organization can be formed by the city as a private-like organization in a form of city-owned public corporation.

The management of municipality subsidiary companies, in cases such as semi-private or quasi-public activity falls somewhat into the grey area between political and corporate models of governance. In the case of the City of Helsinki, legal restrictions and political manoeuvring in and around the city government influences the management and organization of city-owned subsidiary companies (Johanson 2006, p. 57-58)

Jan-Erik Johnson has studied the Local Governance of for-profit organizations in the case of the City of Helsinki (2006). In addition to having agencies and companies, the city of Helsinki also has city-owned public corporations, such as Helsingin Leijona. Municipal public companies are part of the city administration, but usually involved in business activity and typically intended to cover their expenses with the income generated from sales. City-owned public corporations have considerable amount of operative and financial freedom, even though they are not legally independent entities. Boards generally consist of politically

elected representatives and city officials, and they are in charge of the management of public corporations, together with the CEO. (Johanson 2006, p. 63)

Johanson (2006, p. 67) concludes that that in the case of the City of Helsinki's subsidiaries, the staffing policy in nominating members to the boards of the companies "is an efficient tool for the city management to enhance communication and cooperation among subsidiary companies". Furthermore, central connecting positions in the relational structure seem to be occupied by market-oriented and/or well-informed senior officials, and by placing the City of Helsinki's key city officials on subsidiary boards the information needs of the city government can be fulfilled. However, least in the 2006 study, majority of the board members were city officials when, in principal, the city board allocates board membership according to political alignments, and therefore the board structures should have constituted of larger amount of politicians, in the politician/city official ratio.

According to Johanson (2006, p. 73-74), one of the main outcomes of expanding local government business activity is the power shift from politicians to city officials. Because of the slowness of democratic decision-making in a large collective decision-making environment, and the importance of confidentiality in business operations, bodies such as the city council cannot manage the day-to-day operations of for-profit organisations. Johanson assumes in the study that a hybrid board constituting of both political and administrative part can handle internal fluctuations, result of the divide between politics and administration, and administration and management of for-profit organisation.

In addition, Johanson (2006, p. 73-74) finds, in the City of Helsinki context, that there is a political and administrative problem within the informal means of communication and practices in the city-owned public corporations. First of all, "informal practices are less likely to come under public scrutiny and discussion, both integral parts of any democratic political system", and secondly "informal practices involve excess management costs because they do not conform to formal lines of command and do not guarantee continuity over management practices".

The hierarchies and management systems in the concept of municipality as an owner are much more diversified than those of the private sector's. The corporate governance in the private sector has, by large extent, articulated into one to one ratio, where as the municipality owner has ratios of one to many or many actors to many, in the principal-agent problem. However, the connection between the limited company and municipality can be explicitly managed through democratic process, enabled by the Limited Liability Companies Act. (Heinonen 2008, p. 32) Overall, public sector organizations are being made more accountable for achieving best value performance and especially within a more market-focused arena. In such circumstances there is a need for strategic direction from the command role. (Johnson and Scholes 2001, p. 17-31)

## **2.7 Governance**

Parés et al (2014, p. 3260-3265) have identified in their research of urban regeneration programmes in eight different regions in Catalonia, Spain, five characteristics of place, relevant for explaining the development of specific models of governance and regeneration. These specifying characteristics are neighbourhood type, size of municipality, predominant

type of social capital, previous interventions and the previous existence of social conflicts. The comparative significance of the characteristics in relation to this thesis lies within the fact that the study analyses also historic centres.

One can find similarities and comparison from all the characters, but especially the first character is worth mentioning. In regards to the first character - neighbourhood type - the fundamental objective, especially for central neighbourhoods, “is to return to them their character of central areas and to become attractive foci for consumption and average incomes”. In addition the contents of regeneration projects for those of central areas were “less comprehensive (than in the peripheral areas) and with strong focus on the physical and economic aspects of regeneration in the old towns”. Furthermore, the public participation tended to be lower (than in the peripheral areas). (Parés et al 2014, p. 3260-3261)

The Parés et al study states that the historical-geographical characteristics of place establishes an understanding for the “development of different governance and regeneration models, with different degrees of comprehensiveness and participation”. (2014, p. 3264)

By employing the term governance into the analysis of how city is governed, the traditional actor-centered planning theory changes substantially, and there is more to be included in the understanding of decision-making (Fuller & Marquardt 2009, p. 95) Due to the challenges of the interactions of urban life there has always been some sort of urban area governance, and “the resultant governance activities have been a variable mix of the regulation of economic activities, health and hygiene, provision of defensive considerations, protection from environmental hazard and the management of social relations, combined with periodic efforts at re-shaping the physical form of cities for welfare, wealth generation or symbolic and cultural purposes”. (Healey 2007, p. 23)

The systems of governance in society or community refer to the processes through which collective affairs are managed. Governance involves the articulation of rules of behaviour with respect to the collective affairs of a political community members. Governance legitimises initiatives taken on behalf of a political community in the language of collective interests and values, embodied in such terms as the ‘common good’ or the ‘public interest’. (Healey 1997, p. 206). Policy and planning are terms used to describe particular styles of governance activity, and may also focus attention on their content. Terms such as politics, administration and management are used to describe governance activity. (Healey 1997, p. 211)

Governance effort embraces both policy development and the delivery of programmes. It promotes the articulation of the purposes of governance and the making of the strategic decisions about directions and key actions; and it pushes the organization of programmes to deliver what has been agreed upon (Healey 1997, p. 211). The main virtues of governance are linked to flexibility and proactivity (Sorensen & Torfing 2007).

### **2.7.1 Urban Governance Networks**

Networks have an important role in the study of governance highlighting the multitude of actors and the different types of actors such as public and private organisations as well as



civic engagement (Johanson 2006, p. 58). An established interpretation of urban governance is the idea of it being a new way in coordinating activities through networks, partnerships and deliberative forums. This is different from traditional and hierarchical government, and can be seen as a shift from them. There are also other definitions (See Torfing 2007 and Blanco 2012) where the emphasis is not on the shift but more on the form and working logic of governance, and in which governance is defined as stable, horizontal network, where actors negotiate in a relatively institutionalized environment contributing to the public purpose. (Kuokkanen 2009, p. 50-51)

Cities can be extremely dependent on the higher administrative levels and economic pressure, which makes policies mostly driven by effectiveness. Therefore, governance networks are needed in order to search effective solutions. Urban governance can include a search for efficiency in policy-making and implementation, and on democracy and participation. A broad definition of urban governance's effectiveness is within the ability to establish and maintain a relatively functioning network based on active engagement and trustful exchanges by the relevant actors. (Kuokkanen 2009, p. 51-52) Governance networks are formed of the communication and negotiation links between the organizations (Toikka 2009, p. 74).

Governance issues in the urban setting are also linked not only to effectiveness, but also to democracy. There are criticism and fears also towards urban governance. The threat of governance lies in the threat to representative democracy. Urban governance has been critical in producing social inequality, political indifference and the concentration of power. (Kuokkanen 2009, p. 53-54; Davidson 2017, 146-157) Governance networks partly replace the existing institutions of representative democracy and include actors outside the public sector that are not subject to political accountability. The decision-making situations are not necessarily official, and the number of different decision-making arenas is multiplied, which makes the political accountability and transparency difficult. (Kuokkanen 2009, p. 53-54)

On the other hand, in the literature of urban governance, there are opposite interpretations of the driving forces and consequences of network governance. For some it is about dominance of a 'neoliberal urban polity' dominated by the urban elites, whereas others celebrate it as an emergence of 'Third Way' permitting to overcome the "rigidities of bureaucracies and the inequities of markets, through the incorporation of a wide range of groups into policy making". (Blanco 2012, p. 276-277)

Characteristics assigned to governance can refer to the network of organizational actors that are autonomous but interdependent. The networks themselves are charged with policy-making, or the aggregation of individual interests into a collective decision. This happens through negotiations or bargains, where strategic interactions define the final policy. (Toikka 2009, p. 71)

Institutional ambiguity and new mechanisms in securing legitimacy can be stated as defining the governance culture in urban setting these days. As such, many stakeholders are made hesitant with new political spaces opening up, but in which situation not all are willing or in the position to use them. (Mäntysalo et al 2016, p. 25) It might be difficult to motivate the relevant actors in the governance network "to participate due to the presence of high transaction costs and small immediate chances for a single actor to gain real political influence." The internal conflicts in the network can be challenging to resolve, and build a

sufficient amount of trust, in order to allow the network actors to find common solutions that go beyond the least common denominator. (Sorensen & Torfing 2007, p. 95)

In addition, governance network as such does not necessarily facilitate an informed, consensual and legitimate decision making, leading to responsive and just solution. It can be also weighed down by political apathy, irreconcilable conflicts and an unproductive group thinking. (Sorensen & Torfing 2007, p. 95) As a matter of fact, actors in governance network can actually “justify their positions in the urban governance network and policy-making by means of traditional forms of authorisation”. This happens in terms of expertise, representation or the common good. Traditionally the same characteristics have given legitimacy for public administration’s and government’s activities and decisions. (Häikiö 2007) The network should recognize relevant policy problems and their causes, and create a framework that facilitates problem-oriented negotiations and solutions in the face of persistent conflicts and power struggles. (Sorensen & Torfing 2007)

Paying attention to making partnership work - partnership nurturing - is shown to be a vital part in achieving regeneration objectives. Effective partnership require, among other things, e.g. formal or informal attempts to build bridges with less enthusiast partners, help them recognize the benefits of the partnership, and ensure that some flow of benefits run in parallel with the regeneration achievements. (Carley et al 2002, p. 19)

## **2.8 Ecosystem Concept**

Ecosystem provides a metaphor for describing the interactions and relationships that create value in between sets of interconnected organizations. (Autio and Thomas 2014, p. 204) First introduced by James Moore (1993), it explained the nature and implications of complex business environments. The ecosystem has many competing definitions but a general agreement for a set of core features (Pulkka et al 2016, p. 130). The definitions can also be seen to represent different types, from which business ecosystem, regional ecosystem and platform ecosystem are most common (Pulkka 2016, p. 4).

## **2.9 An Ecosystem Construct by Thomas and Autio**

Thomas and Autio (2014) created an ecosystem concept, proposing an institutional approach where the ecosystem is the fifth facet of the organizational field. The other facets were common industry, common technologies, social issues and social interactions. They argued that the organizational field itself “provides a sophisticated and comprehensive theoretical perspective to consider ecosystems”. In the ecosystem construct, Thomas and Autio argue that there are three characteristics of an ecosystem: 1) network of participants, 2) governance system and 3) shared logic; with each of the characters comprising of three elements.

The ecosystem concept of Thomas and Autio’s is fairly new, however, building on the premises of existing practices. As an underlying economic model the approach has the ‘network-oriented models’. In being compatible with other practices that are more familiar makes it proficient to utilize. The concept offers a comprehensive and well-structured tool for the purpose of holistic analysis of value creation. Especially for complex environments the concept offers a beneficial reflection. (Pulkka et al. 2016, p. 141)

The ecosystem construct by Thomas and Autio (2014) has been applied later in an article by Pulkka et al. (2016), where the researchers suggest ecosystem concept as applicable in the construction industry; and in master's thesis by Haavisto (2017), where the ecosystem concept is applied in residential development in Helsinki. Through the similarities in the above studies, especially in the context of geography, build environment and interdependent networks, it can be stated that the ecosystem concept presented by Thomas and Autio can be viewed as suitable approach to this thesis.

The Pulkka et al. (2016) and Haavisto (2017) studies focused heavily on uncovering the ecosystem as a whole, and brought light to the concept in general, as well as, extended the concept of the ecosystem into their research fields. Both studies found that the concept is well applicable and potentially useful in the construction industry context and in residential development. Because of this, the underlying assumption in this thesis is that the concept can be utilized as a tool when examining regeneration in Helsinki, which is in part real estate development. Therefore, this thesis does not try to share light to the ecosystem with as much depth as these studies did, and focuses more on the various and complex aspects of the regeneration. This results into not having too much repetition of the mentioned studies, as well as, one can rely on the academic judgement that the concept can be used as it is, without further introducing the background theory of ecosystem in general. Hence, below are the main aspects of the Thomas and Autio's (2014) paper: three characteristics of an ecosystem and their elements. This is utilized as an analysis tool in the further research in case study.

### **2.9.1 Network of Participants**

The first characteristic of the ecosystem in Thomas and Autio's (2014) paper is the network of participants. The authors propose that ecosystem is comprised of interdependent network of participants which consists of specialization, complementariness and co-evolution. Firstly, participants are considered as specialized when everyone's particular input makes up the system. Secondly, participants are considered complimentary when they add to the value creation in a synergistic and cumulative interaction. And lastly, co-evolving is about participants growing and developing in order to maintain the ecosystem's stability. (Thomas and Autio 2014a, p. 12-13.)

As such, Thomas and Autio (2014) propose that value creation in ecosystems is more likely in situations where:

- the ecosystem participants are specialized
- the participants are complementary and additive
- the participants co-evolve

### **2.9.2 Governance System**

The second characteristic of the ecosystem in Thomas and Autio's (2014) paper is the governance system. The authors propose that it coordinates the participant's activities comprised of the authority structure, membership control and task coordination. Firstly, the authority structure sustains the task identification and assignment, decision-making, and

conflict resolution of the participants. Secondly, membership control gives the ecosystem's boundaries a frame. And lastly, task coordination enables smooth operation. (Thomas and Autio 2014a, p. 12-13.)

As such, Thomas and Autio (2014) propose that value creation in ecosystems is more likely in situations where:

- there is an authority structure
- the membership is controlled
- there is task coordination of the participants

### **2.9.3 Shared Logic**

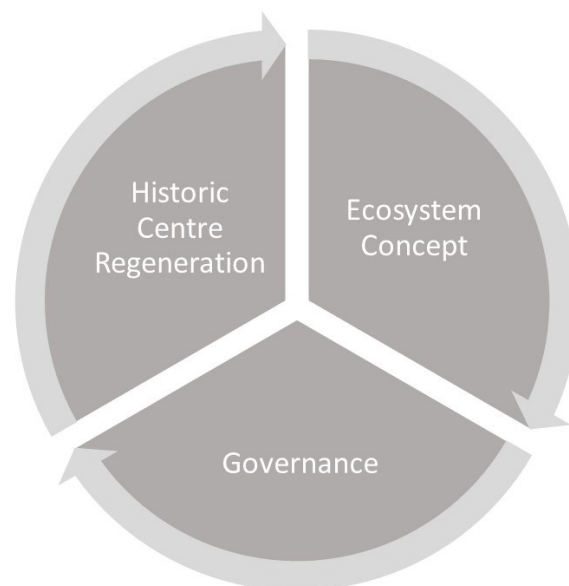
The final characteristic of the ecosystem in Thomas and Autio's (2014) paper is shared logic. According to the authors, it has a defining and stabilizing aspect in the ecosystem participants' identities and interactions through legitimacy and trust, and it provides a functionable and stable ecosystem through mutual awareness.

As such, Thomas and Autio (2014) propose that value creation in ecosystems is more likely in situations where:

- there is both socio-political and cognitive legitimacy
- trust exists between the participants
- there is a mutual awareness between ecosystem participants that they are engaged in a common enterprise of collective value creation

## **2.10 Theoretical Framework for the Thesis**

The focus in this thesis is in the intersection between historic centre regeneration, ecosystem concept and governance. This thesis uncovers some of the structural premises of this intersection.



### 3 Research methodology – Case Study Research

This chapter presents the methodology for examining ecosystem concept in regeneration project, with a focus on governance system. This thesis uses an observational method and thematic analysis to gain qualitative insight through single-case design. Case study design as a research approach “focuses on understanding the dynamics present within single settings”. Case study functions as a useful research method in an area that has not been extensively explored before. (Eisenhardt, 1989, p. 534). Case study is an in-depth empirical investigation, and suits as a strategy when dealing with a contemporary phenomenon within its real-life context, and is especially useful when the phenomenon or context has ambiguous boundaries (Yin, 2009). Case studies can be conducted using quantitative or qualitative methods or their combination. (Eisenhardt, 1989; Yin 1994)

When the topic is relatively narrow, interviews enable flexible data collection and multi-dimensional approach to the topic (Hirsjärvi et al. 2007, p. 200) Interviews are one the most common methods for data collection. Interviews can be utilized in most of the research cases. In addition, interviews can be more personal and active processes compared to, e.g. questionnaires, which are largely used method for data collection as well. The categories of interviews are divided into three types: structured, semi-structured and unstructured. The questionnaires are classified as structured interviews, theme interviews are semi-structured and open interviews are unstructured interviews. (Hirsjärvi et al. 1997 p. 200-206)

The methodology of theme interview approach is to go through the selected themes beforehand, but the final format and sequence of the interview can be formed during the interview, which leaves more flexibility for additional topics and questions (Hirsjärvi et al. 2007, p. 203) Theme interview is a typical method of qualitative data collection, where insights and personal reflections are searched to the research. Participants are typically selected purposely, instead of random sample (Hirsjärvi et al. p. 160, 2007)

The chosen interview type for the thesis is the theme interview. The definition of the method varies but in general, the themes for the interviews are decided beforehand. Additionally, the format and order of the questions may be missing or changing along the interviews. Thus, an overall perspective of the interview is known and same for all the interviewees. The method gives an opportunity for the interviewee to describe the topics freely and answer broadly. Theme interviews can be compared to a normal conversation but the interviewee is the most active participant. (Hirsjärvi & Hurme 2000 p. 47-48)

Theme interview was chosen due to its ability to generate extensive and meaningful answers. Also, it enables focusing more on the interviewees’ expertise area. Because this thesis presents three questions, to guide through the process, of which one is about the structural premise for a regeneration project conducted by city-owned subsidiary, and the other two ask about the development project’s ecosystem, the theme interviews were in two parts. The first part was very broad and the interviewees were asked to very freely describe their perspectives on certain regeneration and real estate development issues, as well as, on the broader context of regeneration. The second part had a more formal structure, and the questions were the same for everyone. The questions for the second part can be found in attachment 1.

The interviewees were selected due to their position and role in the Torikorttelit development ecosystem. The basis was to interview members who were related to the governance issues of the ecosystem, as well as, have a relationship with Helsingin Leijona, and further, would have expertise within themes concerning municipality, such as urban planning, real estate development, industrial policy, and regeneration.

Out of the seven interviewees, two represent the city officials, two represent the subsidiary Helsingin Leijona, two represent the City Council of Helsinki, with one of them being the deputy mayor nowadays; and one, the mayor, represents the Helsinki City Organization serving as the chair of the City Board. Out of the seven members four have been in the board of Helsingin Leijona, excluding the former and current CEO. Due to the characteristics of the research method, the names of the participants are listed below, and their approval was asked in the beginning of each interview. Furthermore, the method provides anonymity for the interviewees and thus, the answers cannot be connected to a certain interviewee.

The interviews were performed during May and August 2017. The interviewees were contacted by email with a small briefing to the subject presented. The interviews were held in the premises of the participants or in public places such as café. The length of the interviews varied from 45 to 240 minutes. All the interviews were audio-recorded and the recordings were transcribed. The language of all interviews was Finnish and some parts of the interview transcripts were later translated to English for the uses of this thesis.

The list of interviewees is presented below:

Name	Organization	Position	Role in the ecosystem
Jussi Pajunen	City of Helsinki	Mayor (Retired)	Background support
Anni Sinnemäki	City of Helsinki	Deputy Mayor	Member of the board
Tuomas Rantanen	Helsinki City Council	Member of the city council (former)	Member of the board
Harri Kauppinen	City of Helsinki	Real estate development manager (retired)	Member of the board
Minna Aarnio	City of Helsinki	Real estate development manager (resigned 2017)	Member of the board
Kari Tohmo	Helsingin Leijona	CEO (retired)	CEO of Helsingin Leijona
Peggy Bauer	Helsingin Leijona	CEO	CEO of Helsingin Leijona

## 4 Introducing Case Study - Torikorttelit

With the exception of some areas, one cannot reach much further than Empire style in the architectural Helsinki. For a city which has been founded in 1550 and acted as a capital since 1812, Helsinki has a remarkably little older visible history. (Lunden 1963) The heart of the city has remained the same from one decade to the next - Empire style Senate Square. In Senate Square, opposite Helsinki Cathedral, lies four quarters which create the nowadays known Torikorttelit. Torikorttelit is important for the city of Helsinki both historically and in terms of identity, but also from the point of view of the vitality of the center and the city strategy. (City Planning Department 2006, p. 56-60)

The houses are among the oldest preserved buildings in Helsinki. Stone merchant houses were built in the 18th century and Carl Ludwig Engel modified them in empire style in the 19th century following the 1808 Helsinki fire, the 1812 Helsinki's elevation into a capital, and a new city plan in 1817. Empire-style Helsinki took 25 years in the making, a climax of neo-classical architecture. The new capital was to be monumental and a model city for the Russian Empire as well as a symbol of the Tsar. (Moorhouse 2003, p. 63-102; Nikula 1993, p. 67-68). In 1956 some of the Empire-Helsinki neighborhoods were preserved as part of the "old quarter" (Lunden 1963).

Over the decades the area, now known by its more commercial name Torikorttelit or Tori Quarters, was mainly adapted to the use of officials and a few commercial premises. When the second half of the 20th century came, both the blocks and the Senate Square were public spaces, but as an open physical space this environment was quiet, at worst dead (Cantell 1992). The revitalization of the area has been on city's agenda for a while.

There has been different ideas to establish a development company for the regeneration of the Torikorttelit area at least since the 1970's. There has been reports for the regeneration of the area in years 1979, 2004 and 2006. The frequent surmise to develop the area speaks for the importance of the issue. Nevertheless, this type of commercial development and regeneration of an area has been considered, from the point of view a municipality, challenging to implement. There would be multiple stakeholders such as city management, planning and finance departments, city planning office, city museum and building department. Because of this, among other things, the city has ended up forming a subsidiary for the development of the area (Internal reports, interviews).

A significant step forward in starting the city-oriented regeneration in the quarters can be stated as being the moment when councillor Tuomas Rantanen suggested in April 2007 establishing a city-owned development company for the purposes of developing the area. The motif for the proposition were the City of Helsinki's plans to sell the properties in the area to private investors. After the first property was sold to an outside investor, few city officials created statements and motions for an alternative implementation for the area. Rantanen seized the idea, brought a suggestion to the council table, and received almost unanimous support in the council's discussions. Rantanen also brought up the idea of establishing a subsidiary company for the regeneration purposes, which derived its inspiration from the example of Kaapelitehdas. The motion received widespread support across party lines, especially, when it seemed that the City of Helsinki had good experiences from Kaapelitehdas model. (City Council of Helsinki 2007)

There were different suggestions created of the company form of the future responsible subsidiary that were brought up to the table of the Buildings and public works sub-committee. These suggestions included the proposition, which later actualized, where the future subsidiary would be managing the properties through a rental agreement but they would be under the direct ownership of the City of Helsinki, through Tilakeskus (as of 2017 under the Urban Environment Division), and the subsidiary would further rent out them. This kind of practice was familiar also in Lasipalatsi and Kaapelitehdas development projects. The building complex was named Torikorttelit, the Tori Quarters, around the year 2009.

#### **4.1 Helsingin Leijona Ltd**

Helsingin Leijona Ltd was established in September 17th 2007 by the decision of Helsinki City Board. The purpose of the company was to function on behalf of the City of Helsinki in the development of the quarters - Elephant, Lion, Rhinoceros, and Dromedar blocks - between Senate Square and Kauppatori, and their buildings and other spaces, such as courtyards, etc. Helsingin Leijona was established for the regeneration purposes of the buildings and the area as a whole, and for the management of the spaces that were to be rent out. The company was intended to change the emphasis of the historically valuable buildings from city bureaus to something else, where there is business premises, events and retail. At the same time the buildings were to be repaired. The prerequisite for the company was that it was to keep the City Board informed of the regeneration activities and future intentions for the area.

The grounding notion for the redevelopment and regeneration scheme was to open up the area's historically valuable quarters with their courtyards, for the uses of citizens, tourists and retail entrepreneurs. The city of Helsinki set its aspiration in creating a wholeness of commercial and other functions, where the quarters would function as coherent and connected event-area, and the area would have an uniformed brand as well as common communication.

In addition, in later discussions, Torikorttelit was thought to be associated with more comprehensive and wider perspective of Helsinki's central business district's quarters. The wider perspective is seen as crucial in many talks with the management of Helsingin Leijona, and some of the board members, mayors and other associates. Torikorttelit regeneration is considered as being part of the urban renewal of the maritime Helsinki, i.e. the process of urban redevelopment of Kauppatori, connecting the nearby passenger ports closer to the centre through commercial and cultural developments, developing commercially and culturally the nearby areas of Katajanokka, and interconnecting the Kaivopuisto area closer to Helsinki centre through urban redevelopment. (internal reports; Kirjava Satama 2012; interviews).

### **5 Case Torikorttelit**

Some interviewees' opinion on the success of the regeneration project is quite favourable. One interviewee discusses how Torikorttelit regeneration has not only been about its buildings and the area, but also about creating a platform which regenerates the maritime Helsinki centre. Some interviewees suggest that there are new services and businesses in the



area, due to the regeneration's success in creating appeal there. In entirety it was felt by some interviewees that there is still a lot of work to do in the greater area, such as developing the so called Guggenheim property, developing the Kauppatori and Kauppahalli area, and developing the Tulli- and Pakkahuone in Katajanokka. However, even with the overall satisfaction on the results, the general conception is that the project has been, in places, quite intractable.

## **5.1 Big Picture in Urban Regeneration**

All interviewees position the Torikorttelit regeneration into a bigger picture. Big picture was highlighted multiple times during the interviews, and how Torikorttelit is positioned into that. One interviewee addressed that the background of the regeneration project lies in the concern of possible Helsinki centre's atrophy. Torikorttelit, as well as Kamppi shopping center, were felt as a consequence of seeing the centre as something worth advocating for. The relevance of Torikorttelit development is being emphasized in the interviewees' discussion from the perspectives of industrial policy, culture and people's flow into the area. As one interviewee puts it, "City's assets and strategies are not economical". Hence, they are long-term plans. In the case of Torikorttelit the question has been in the interviewees' discussions about which sort of urban structure is the city building. Torikorttelit is considered as part of a layer where the big picture is partly the rescue operation of the centre and shifting the moment towards seaside Helsinki and Katajanokka, hence activating neighbouring areas.

Three of the interviewees state that the city of Helsinki does not, in principle, do business activities in areas where it can be done by the private sector. However, the interviewees felt it is important to note that some of the city-owned businesses function on an ideological basis. The ideological background in Torikorttelit is that exceptionally valuable historic quarters are owned by all the citizens and are not allowed to be privately owned. As one interviewee puts it, the city has sort of an owner interest in the quarters - ownership in common affairs. However, similar real estate projects in Helsinki live case-by-case, according to the interviewees. For example, in the case of Lasipalatsi, the city is still an owner, but is involved through a mutual real estate company nowadays, with Föreningen Konstsamfundet rf (Amos Anderson Art Museum). Some interviewees stated that in principle the city could give up ownership of that real estate company entirely at some point. But here, as well as in many other cases, property ownership is seen to be particularly justified when the city wants to use power in the transition or development. Certain cases such as Torikorttelit are also experienced, as such, a unique asset throughout the city as well as on the Finnish scale, and the city organization wants to hold such ownership permanently. Another similar case was seen in the Finlandia Hall.

The city's ownership interest in Torikorttelit is also based on regional competitiveness and the defense of the center's role. The interviews show that fears have once lingered of the possible birth of a satellite urban structure and the fading of the city centre. Here again, the Torikorttelit's part in the big picture is emphasized. The question is what kind of urban structure the city wants to be built, and the regeneration of the Torikorttelit area is seen part of this. Based on the interviews, the defense of segregation in Helsinki relies on the fact that the urban structure has one genuine center.

From the interviews, it emerges that a city-owned real estate development company is experienced over the party lines as a viable way of implementing the city's program. The left-wing in the municipal policy does not necessarily have the same kind of negative association with this type of incorporation as in other cases of forms of public service production. Some interviewees reflect that a municipal-owned company can be experienced as a tool to reduce the slowness of direct democratic decision-making and to overcome the slowness of sometimes incompetent cooperation between city organizations. In addition, one interviewee states that it is a way to bring the project and process into one entity.

Additionally, Helsingin Leijona was formed to respond flexibly to regeneration, which, on the basis of the interviews, raises the role of the Helsingin Leijona into such that it should have at least a perspective on the overall interest of the city. What matters here, according to one interviewee, is that the organization has the kind of know-how which does not exist in Tilakeskus. Tilakeskus is said to manage buildings and areas as its own, but it does not necessarily reflect on the city's overall interests, when dealing with separate cases. According to some interviewees, Helsingin Leijona is considered as a tool through which the city's management's will is channeled, is politically controlled and has a bigger agenda for the whole of the city, than many of the other subsidiaries in the City of Helsinki.

## **5.2 *Redevelopment of Torikorttelit***

The redevelopments schedule was stretched for a few years for a number of reasons. The interviews show that the launch was delayed. According to one interviewee, the council did not grant appropriations initially, which gave the project a slow start. Since the properties were not in the Helsingin Leijona's balance sheet, but owned by Tilakeskus, the Helsingin Leijona could not manage planning and contracting at the start of the project. Some interviewees suggest that Helsingin Leijona had to reluctantly accept alignments made by others regarding operational objectives in regeneration. Due to developing the properties through budget, Helsingin Leijona had to sometimes wait for the next year before new developments could be made. In addition, some funding had to be sought through the city management because it was felt that Tilakeskus did not see the project as important, and slowed down the decision-making. Even though the ideal schedule was shorter, overall, a project covering a wide range of stakeholders went well in an acceptable timeframe according to the interviewees.

The interviews suggest that the option for Tilakeskus to have the properties transferred to the Helsingin Leijona was challenging because one of its best assets would be removed. The transfer of properties to the real estate development and regeneration company was also calculated as being expensive to implement because of the transfer tax. At the decision-making level, it was also felt that due to the fact that the development of a historic area linked to regional development was new for the city, the transfer of real estate as such to a new subsidiary could be risky. Consequently, a consensus was found very quickly that the real estate would remain directly owned by the City through the Tilakeskus.

It was felt safer that the subsidiary would not own the properties, especially at the beginning of the development stage, when it was not yet possible to anticipate all the risks of profitability. But from the economic point of view of redevelopment in the quarters, real estate ownership has mattered. Some problems emerged in the development of the area.

Especially during the initial development phase, some interviewees felt it was challenging and time-consuming for Helsingin Leijona to meet the goals set by the city council to the Torikorttelit development project. Some of the interviewees state that authority and responsibility did not materialize in the way required for the regeneration purposes. One of the interviewees depicts that Tilakeskus came into the developer's field too closely, which caused, among other things, time challenges.

The general principle was that Helsingin Leijona would be managing the development of the Torikorttelit in cooperation with the city administration and other actors, manage the regeneration and the renting out process. Responsibility for Tilakeskus was, in turn, to manage and act as a purchaser, using the funds associated to it by the City Council. Tilakeskus executed the role which was assigned to it as a purchaser in the project, but some felt that Helsingin Leijona was left in the background in managing the regeneration of the area. Tilakeskus was responsible for purchasing, but it was not a specialist in urban commercial business aimed at regeneration purposes. An example which arose from the interviews was that Tilakeskus gave strong support to the Helsinki City Museum's views on the real estate development issues. However, according to some interviewees, this affected Helsingin Leijona's task of creating revitalizing the area's business opportunities and the regeneration of the area as a whole, which was the most important task of Helsingin Leijona.

According to the City Board's decision, Helsingin Leijona is responsible for the development and regeneration of the Torikorttelit. But in practice, the buildings in the quarters are not in the balance sheet of Helsingin Leijona, so it relies on the city's organizations. Kiinteistövirasto, and in practice its subdivision, Tilakeskus, selects designers, carries out the contracting and handing over premises to the Helsinki Leijona through a lease after the renovations are completed. According to some interviewees, Tilakeskus has the connections to the City Planning Office and the City Museum, and due to this some find the role of Helsingin Leijona as problematic if it wants to directly influence to the needs that it considered having in the project. Some interviewees suggest that with direct contacts Helsingin Leijona would have had a better grip on the various issues and it would have gained its own target status better without any middlemen in the discussion. In order to get Helsingin Leijona's views out, it has required a lot of efforts according to some of the interviewees. According to one interviewee, in places there has been a need for the city management's contribution to the project in bringing forward the qualitative and time goal aspects of the project for Tilakeskus so that it understands and addresses them properly.

Some interviewees suggest that Helsingin Leijona should have been more responsible for the project. Since the properties are not in their own balance sheet, Helsingin Leijona could not manage planning and contracting. In that case, some interviewees felt that Helsingin Leijona could not properly manage the project, and could not act in the way it wanted, and the organization had to accept the policies made by other participants. In this case, the budget has defined who is responsible. Furthermore, decision-making in business planning has been at Tilakeskus. These include functionality of the premises and conservation objectives. Additionally, Helsingin Leijona has had timetable pressures and responsibility for the progress of the project and the uplift of the blocks to the required business condition that the Tilakeskus has not necessarily had.

### 5.2.1 Resistance to Change

According to some of the interviewees, resistance to change appeared as the project progressed. Two main reasons for this appear to be the establishment of a separate property development and regeneration company and the need for some of the municipality's offices to move away from the area, due to its development into more commercial place. As one interviewee puts it, the formation of Helsingin Leijona might have felt as a step on someone's toes. In addition, for the city's bureaucracy, the company has been felt unnatural. One interviewee explains that this can Helsingin Leijona could have been experienced as an inconvenient company, which is naturally rejected in a municipality's silo-system. It was also estimated that resistance could have arisen from the fact that certain agencies were forced to leave the quarters, which are at one of the most central locations in Helsinki.

Silo-organization was mentioned by many interviewees as a single problem in receiving change. Some mentioned that the offices were drawing their own agenda. Especially with Tilakeskus, the cooperation was at times challenging, according to some interviewees. Tilakeskus was found to work on its own from its own perspective. On a more general level one interviewee noted, however, that the silo-way of organizing should not be seen on the good-bad axis. He felt that the silo-system was time-consuming but also an evolution-driven operating model with sometimes very high benefits in e.g. strong expertise. The interviewee also felt that the general problem was the lack of interaction between the silos. Other interviewees stated that the effects of the new organizational model on the city's approach to business practices and the building of trust can have positive effects, but this will be seen over time.

Overall, changes to city organization were felt to be sensitive issues. Whether it was moving to new premises, or reorganizing work or organizations, it is the aim of the change to strive for equality and understanding. The interviewees also found that from the point of view of the urban actor, this type of development work is not easy. In this case, key people in the right places were seen to be of importance in moving things forward. Negotiations, conciliation and compromise as skills should be highlighted in the day-to-day work by the officials, the company's managing director and the members of the board of directors, according some interviewees.

According to the interviewees, the opposition to change was seen as, at worst, purposeful delays, and criticism from other city organizations. In addition, the lack of resources made the development challenging, which was often not facilitated. These problems were often solved by the board and by relying on the sympathy of the city management.

According to the interviewees, the main problem of the development in the beginning, from the point of view of the Helsingin Leijona, was the strong statement role of the Helsinki City Museum. This affected the content of the regeneration process. This went down through the various players and the first delays are felt to being attributed to it. Some interviewees point out, among other things, that the views of the Helsinki City Museum ran ahead the regeneration of the area. The significance, the strategy and the vision of regeneration may not have been clearly understood at times, or it has been purposefully ignored by other actors. On the other hand, one interviewee states, that it is not up to the city's various agencies or organizations to internalize a broad perspective in this sort of project, which is then typical of Helsingin Leijona.

In addition, some interviewees point out that the support the Helsingin Leijona received from the city management to help fostering further movement of the project, was not always considered as fair, which further affected the cooperative atmosphere. From the point of view of the Helsingin Leijona, the closer relationship with the city management has been about having a strong mandate from the city's leadership in the regeneration in the area.

### **5.2.2 Historical Values**

Through interviews, some criticism surfaced about the way Helsinki's one of the most valuable properties went under restoration from the beginning to the end with such a heavy hand. One of the interviewees presented an alternative to this: some of the surfaces could have been concealed in anticipation of restoration in the future, and this would have led to new businesses to start in the premises sooner. Among other things, the museum-level facilities were seen to be cramping the business activities, and the quarters could have led first to economically carry themselves and raise capital for investments. The discussion is strongly linked to the museum authorities and to the now closed Cityscape Committee (Kaupunkikuvaneuvottelulautakunta). On the other hand, some of the interviewees felt that when making such a development project in the historic center of Helsinki, it requires some care and caution and that the renovation should be completed from start to finish, as required by historically valuable premises. When discussing the whole city's property portfolio, it was felt that the city should be able to withstand incompleteness and gradual renovating more.

Concrete forms of the genius loci - "the spirit of the place" - in Torikorttelit were, according to some interviewees, in absurd form. None criticize the museum's piety for basic or facade renovations, but the aspiration for a clear identity and spirit from a historical point of view at the expense of commerce in the area at times attracted strangulation. Examples include the possible sighting of kitchen functions from the second floor windows of a particular building, which was not seen to match the original value and spirit of the building; or the opposition to the restaurant operations in another building because there were no restaurant operations in the premises originally. In these, and similar situations, there was a call for conservation balance in relation to the use of buildings in the 21st century from the Helsinki City Museum. At times, the Helsinki City Museum was felt as over-preserving properties. According to some interviewees, this circumstance affects business opportunities and torpedoes, as such, the regeneration objectives. From the point of view of the Helsingin Leijona, the area should be made inviting and businesses in the area should be found easily, according to some interviewees. In this, the interviewees emphasized the importance of dialogue and finding a common and coherent view of the regeneration purposes.

However, the interviewees will not criticize the principles of the Helsinki City Museum's conservation otherwise. There was a widespread agreement to the not supporting facadism, and the endeavours to foster building historic values, which were highly appreciated. The task of the Helsinki City Museum was seen as important, even in times when there has been conflicts between opinions. There is a widespread support among the interviewees of the conservation of the urban structure. As one of the interviewees states: "The Helsinki City Museum is supposed to cause friction". Commercial values do not want to overrun the historic values. However, some think that conservation policies have been, in places, a bit

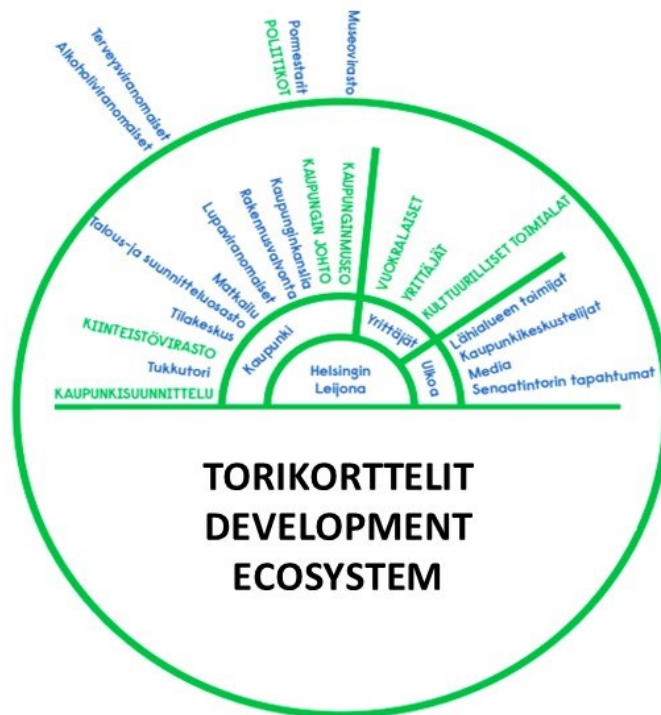
exaggerated, but this also is seen as being in a culmination point. On a general level the cooperation with the City Museum is felt to be adaptive and flexible, especially as the next generation has been stepping over. Especially the expert role of the City Museum was seen as being in a recurrence, and the cooperation is felt as being good and the consultative role of the museum as valuable, according to some interviewees.

Since the area is a historic monument, it attracts a wide variety of opinions, by urbanists, authorities and architects, about the architectural history, appearance and cultural heritage of its buildings. Especially then, it is felt important that there is a conservation authority that does not always follow up its mission according to the prevailing opinion. But in the meantime, some interviewees desire flexibility and openness to the principles. Securing trade and livelihood in the Torikorttelit area is also seen as the task of the conservation authorities, in order to keep the area viable.

### **5.3 Towards Ecosystem Concept**

#### **5.3.1 Network of Participants**

The first phase in closer examination of the ecosystem is to recognize the integral participants in the development of Torikorttelit. In order to do this, the interviewees were asked to mention all the participants that they recognize to be part of the ecosystem. All the interviewees emphasized the fact that the Torikorttelit development network is quite extensive. Some of the mentioned offices and organizations use their previous names that were in use before the organization change in City of Helsinki. This research uses the mentioned names because the organization change happened in summer 2017, during the interview process. Furthermore, the names are in Finnish, due to some of them not having an English title equivalent. The picture below shows the results of the Torikorttelit network of participants derived out of the interview process. It was created by Jutta Menestrina in the assignment project for Helsingin Leijona. In the picture, if a title is with lowercase then it was mentioned only once out of the seven interviews, and consequently if the title is with uppercase, it was mentioned multiple times.



Besides the mentioned organizations in the above picture, half of the interviewees mentioned operators in neighbouring area such as government agencies, offices and ministries, and University of Helsinki, which substantially affect the area and its developing. Additionally, other operators in the central business district that are interested of the development of commercial potential, vitality, and business activity of the centre were mentioned. The residents of Helsinki as part of the network were also mentioned e.g. in such way that events create dialogue between citizens and the city. One of the interviewees adds to the list, among other things, the urban activists, more city network (lisää kaupunkia verkosto), and the “annoyed culture journalists”. With these network participants there is a reference group discussion on different levels about the development of Torikorttelit area and maritime Helsinki. On the other hand, one of the interviewees states that there seems to be no greater discussion with the urban activists, and the focus within the development of the area seems to arise from somewhere else than from the grass-roots level. The same interviewee continues with stating that perhaps nothing else can be expected when the developed area is at the end of Esplanadi high street, at the center of commercial and historical tourism city.

### **Specialization, Complementariness, Co-evolution**

The specialization and roles of participants in the ecosystem alter naturally. On a general level, the interviewees experience that especially the specialization of different city organizations in the Torikorttelit ecosystem arrives as such, and there is no alterifications in roles. The role and specialization of Helsingin Leijona is, however, felt to be more prone to changes, and readjust or integrate for the prevailing circumstances. Few of the interviewees propose that some of the participants have not necessarily found their place in the ecosystem. In addition, some of the interviewees process participant complementariness in relation to whether the participant is an enabler or more counteractive.

One interviewee brings up that specialization and complementariness alter in the ecosystem through people rotating in some of the roles. This has happened partly through a natural process of change due to the fact that the timeline of revitalization of Torikorttelit runs across electoral term, and therefore the Torikorttelit board has been replaced, politicians have changed, and the mayor and the deputy mayor have changed. In addition, some officials have retired and CEO of Helsingin Leijona has retired. Furthermore, some of the interviewees believe that the organizational reforms in the City of Helsinki will affect the complementariness within the ecosystem.

When the interviewees discuss specialization from Helsingin Leijona point of view, the responses tend to be similar. The company is viewed to be at its best at understanding the bigger picture, regeneration actions, and cooperating with businesses. The answers, however, differentiate according to interviewees' perception on how the company's role should be. Some feel that the role should have been more powerful in the development activities. However, this is entirely dependant on which party owns the properties. On the other hand, some suggest that it has been beneficial to have different specialized parties in dealing with buildings that have exceptional value historically, in order to ensure the different interests with respect to the premises.

One of the interviewees suggests that the specialization of Helsingin Leijona and its role in the network is associated with enabling commercial activity ja business cooperation. According to the interviewee, the actual knowhow in investing and building development does not have to be within Helsingin Leijona, but with this sort of exceptionally valuable historic entity, it is natural to have that in a more closer relationship to the City of Helsinki. Other interviewees also express the importance of the entrepreneurial cooperation through Helsingin Leijona. Some suggest this having a strong connection to the decisionmaking of the City of Helsinki also because traditionally in a crisis situation the influence of businesses over decision-making or policy-making has been strong. Helsingin Leijona is perceived to be dealt with the management of Torikorttelit business network in a manner of that the City of Helsinki has not been had to deal with so called crises any businesses within Torikorttelit. A mentioned reference to this is Kauppatori's and Hakaniemen Tori's business operation model where particular problem situations have occurred which the City of Helsinki has had to take care of.

### **5.3.2 Governance System**

Constituting governance in Torikorttelit development ecosystem from the perspective of public administration could be stated as to some extent simple to determine. One of the interviewees divides this process into three parts. Firstly, there was a need for a tool - an implementing agent - which defines what sort of company there was to be formed for the development project. The most pivotal contact in this was the Urban Environment Division (Kiinteistövirasto) due to the fact that the development task was to be separated from the regular area of operation of Kiinteistövirasto. After it was decided that for the development of Torikorttelit, a city-owned subsidiary was to be formed, it was to be decided whether the properties were going to be owned directly by the City of Helsinki or through the subsidiary. In this case the investment point of view weighted more, which resulted into separating the development activities and the so called owning of the investment. Lastly, the composition of the board for the subsidiary was determined. The result was an alternative in which the



board was not only formed of the public officials but also the council members would be part of the board. The ratio between the public officials and council members in the board has changed into emphasizing council members from the initial board.

On the other hand the above perspective only stresses the governance of Helsingin Leijona. There are also other members in the development of Torikorttelit, which highlights the importance of a fluent stakeholder management, when examining the entirety of ecosystem. Nonetheless, in this comes up the significance of the board. Some interviewees have emphasized the importance of the board in governing the ecosystem. Because the procedures, culture and basic tasks of a municipality organizations differ from one another, Helsingin Leijona has benefitted of having a board with different kind of experts and members of the city council as part of it. With the help of these, there are different goals that have been reached, such as fostering the qualitative, consecutive, and economic targets, as well as resolving various complexities, and find solutions to different confrontational positions in e.g. conservation questions. The public official members of the board have been in leading positions in their municipality organizations, or they have had a comprehensive expertise and network of contacts, which have been needed in order to move forward with the Torikorttelit development activities.

Besides stressing the importance of the board of Helsingin Leijona, various interviewees highlight the significance of the CEO of Helsingin Leijona in governing the ecosystem. The competence, and coordination and cooperation abilities, of the current CEO are highly valued according to the interviewees, but also the determination and decisiveness to find solutions in a robust way is heightened. In addition, the significance of the mayor has come up from all the interviewees, especially as a sort of last resort or lifeline, if certain processes have become stuck in the development activities. In challenging situations in which the development company Helsingin Leijona has yearned for more prompt operation from other organizations, the company has consulted the mayor.

When discussing on a general level about the City of Helsinki's real estate development and its management through subsidiary companies, it was found out that a functional operation is highly dependent of active and good relations to different city organizations, but especially of knowing the right persons in the top management level in the municipal organization, and of the capability to appeal them in order to streamline a project. Through the interviews emerged that this is reflected also in the urban activism related to real estate owned by the City of Helsinki. Some of the interviewees highlighted that in a long run an ecosystem can not be managed, if, when encountering a problem in which a project does not advance due to differences in viewpoints, one always seeks out the support from the city's management or the mayor to resolve a situation. In this sort of case the different specialized participants of the ecosystem do not internalize the co-creation value of the project. On the other hand, Torikorttelit case underlines the strong specialization and basic tasks of the different city organizations that result into minor conflicts especially in a matter of citizen's joint ownership to a location which is treasured in different ways and from different perspectives. Consequently, each other abolishing standpoints can be as though natural component in Torikorttelit-like development, where e.g. one facet is in charge of development duties, one is in charge of budget, and on is in charge of conservation questions.

One of the interviewees remarks that in establishing a development company, the municipality is in a manner of speaking delegating its decision-making authority, which in

turn empowers the organization. In Helsingin Leijona's case, it has been given the authorization to coordinate the ecosystem. In this case it becomes the network administrator which task is to obtain the other participants in the network to apprehend the relevance of collaboration in value creation. In Torikorttelit, a collaborative approach is highlighted, but this requires also active leadership in order to make the ecosystem to navigate into favourable direction. The purpose of this is not only in the regeneration function but also in Helsingin Leijona's capabilities to influence the network's objectives and performance in a manner so that the network participants experience willingness to strive to a common goal. Some of the interviewees' position on this is that this has been achieved as good as it is possible, and some are somewhat more critical.

One of the interviewees feels that the environment of the kind of real estate development company such as Helsingin Leijona is unfamiliar to the municipality. The interviewee continues that participants within the ecosystem are not at the heart of their expertise or interests, especially when Helsingin Leijona is part of the ecosystem. The development of Torikorttelit therefore embarks an annoyance sensation, which disturbs or interrupts the so called regular activities or basic tasks of the participants. In reference to this, some interviewees suggest of bullying, especially at the early stages of the Torikorttelit project. The bullying is indicated to be appeared in form of lack of cooperation. But, some interviewees enunciate also singular examples of some kind of mild teasing towards Helsingin Leijona. Any severe instances did not occur from the interviews. According to most of the interviewees, Helsingin Leijona has had challenges to fulfil the task addressed to the company due to other participants' objection. On the other hand, the company is felt to dealt with the governance of the ecosystem especially well. In places the stakeholder cooperation has had some complexities, conflicts at worst, but these have always been overcome. Helsingin Leijona's CEO, individual members of the board, and the sympathy and responsiveness of the city management towards the project have been a significant factor in the governance of the ecosystem. Couple of the interviewees also point out that the governance of a development project as this has been as adequate as it can be in this sort of framework.

Half of the interviewees highlight the need for an operator such as Helsingin Leijona. These sort of entities are hoped to be more in coordinating distinct real estate development in the City of Helsinki organization. The fundamental properties within the direct municipality ownership is not believed to hold much cultural or qualitative real estate principles. One of the interviewees comments that the premise in the city's property mass is to maximize the direct rental income and manage the technical requirements in such fashion in which the minimum requirements are fulfilled, because the properties are managed in the constraint of budget funding. Few of the interviewees suggest the need for net value thinking. In this way there could be a greater contribution in terms of finance and quality into certain special real estate because that would attract more tenants. In addition, one of the interviewees stated that if there would be synergy sought for an area and tenants sought through a concept, then the result would be better rental income on a long run at the same time as functional value would increase. In the case of Torikorttelit, the above mentioned issues are considered generally by the interviewees to have been succeeded in. Nonetheless, besides Helsingin Leijona, the participants in the ecosystem are not considered to have been assimilated the meaning of this sort of value increase through net thinking. This is partly considered to be because of different offices' task, which cannot necessarily yield into long-term developing.

## **Authority Structure**

Most of the interviewees found it difficult to determine which entity has the authority in Torikorttelit ecosystem. Few of the interviewees emphasized the meaning of the democratic decision-making, where the council has all the authority in the end. One of the interviewees stated that through the City Group sub-committee, the municipality board has the chance of monitor the activities. Furthermore, the interviewee highlighted that the board of Helsingin Leijona has council members in it, which gives them the opportunity to report back to their own parties of the developments in the project.

According to some interviewees, the influence over the developments of Torikorttelit has shown in ways, in which individual council members have opinions directed at Helsingin Leijona over, e.g. which sort of events it should produce, or whether the company should produce different events in a first place, and let entrepreneurs and urban activists produce them. However, one interviewee suggested that this is not about authority structure or the use of authority in relation to the ecosystem, but more about functional functional suggestions.

One of the interviewees states that in general, in the area of city-initiated real estate development, the authority is a difficult notion. Authority is being used but due to the different and powerful interest it is difficult to detect. Perhaps this is why some of the interviewees feel that ultimately the authority is at the hands of the mayors (sic), especially in cases of conflict between participants or differences in opinions that need to be settled. Some of the interviewees bring up that in the case of Torikorttelit, this authority has been applied in a legitimate manner. In addition, one interviewee highlights that the authority has not been used from ideological perspective, referring to political structure, but this operation has seen it been used in a manner which is concentrated for the overall good of the city.

Some of the interviewees address the authority structure from the point of view of how the distribution of responsibilities have been handled. This refers to the city board decision to separate the management and ownership of the Torikorttelit properties. Some interviewees consider the role of Helsingin Leijona problematic if it wants to influence on the demands directly that it has in the field of regeneration. With direct contacts Helsingin Leijona could have had a better grasp of the regeneration issues it had in the beginning, and it would have gotten its aspirations better heard without intermediaries, such as City Museum or Tilakeskus. According to some interviewees, it has required a great deal of effort in order to articulate Helsingin Leijona's objectives in regeneration. On occasions this has required the use of city management in order to make e.g. Tilakeskus to understand Helsingin Leijona's consecutive and qualitative standpoints, and act according to those.

## **Smooth operation**

Five out of seven interviewees experience that the Torikorttelit ecosystem has not been smooth operation. This does not mean, according to some interviewees, that the objectives would not have been reached, or Helsingin Leijona would not have succeeded with the regeneration issues, but that the operation is felt challenging and laborious. One of the interviewees, however, recognizes that the development of Torikorttelit has been in quite smooth in the context of the city's past development projects. The same interviewee highlights that in a different framework, i.e. private sector operation, it might be felt that the

project has not been fluent, but within the frames of that have been given, this projects has been functioning. Other interviewees highlight the framework or context in this relation: The decision-making environment and the operational environment are felt challenging with all the different strings attached that can slow down the project, but the result of using a subsidiary, is a functional operation in a city-context at all.

Couple of the interviewees highlight that the reason for a slightly inoperative project is the deeply entrenched silo-thinking of the city organization. On the other hand, some interviewees express that the Torikorttelit regeneration project connects all the different capabilities of the silos, in which the crucial part is the coordination activities by Helsingin Leijona. The ideal situation is felt generally as a such in which the different offices and organizations of the City of Helsinki would approve the objective state of Helsingin Leijona. On the other hand, some of the interviewees highlight the importance of objective states of the other agents, e.g. in the field of conservation.

### **5.3.3 Shared Logic**

Most of the interviewees understand the meaning of shared logic in the ecosystem as such that in order to succeed the forming member of the ecosystem should share a vision and a rationale for the existence of the ecosystem. The primary focus in their answers is the regeneration purpose. One of the interviewees experience the Torikorttelit regeneration as an unique development project in which the historical core and iconic landscape is reformed into something else. Into this uniqueness, in the discussions, are attached commercial vitality and logic, but side by side an unfolding of a city which is felt by many as symbolically meaningful and physically substantial. Some of the interviewees also address this question from the point of view of a larger perspective, in which is attached the whole question of defending the city centre from atrophy.

When asked about the opinion of the interviewees on whether the participants in ecosystem understand being part of an ecosystem, or whether they generally share the justification for the ecosystem and its goals, the answers vary. According to one respondent, for the ecosystem there has been a functioning logic in which each operator has its own important task, and which is also measurable and evaluable from the point of view of whether or not a common goal is being reached. How the participants have shared the logic varies, according to the respondents. Some respondents feel that there have been changes in this regard along the way. Some have apprehended the relevance of the logic. According to one respondent, this apprehension has guided the operation and has in some way kept the project alive even in difficult times.

One respondent feels that there is no common goal in the Torikorttelit ecosystem. This is justified by the fact that in a city framework other actors besides Helsingin Leijona do not understand of vitality or regeneration, since they have been carefully defined other tasks. In this case, the logic of the ecosystem has no significance for the participants from a profound point of view. This has shown, among other things, in the notion that buildings are maintained and repaired as much as is necessary, but not as much as is required from the regeneration point of view; or buildings are protected through conservation but without the thought of whether there is or will be people in the area. A few respondents perceive the logic of the ecosystem so that there has been pursued a greater overall good than what

Tilakeskus could provide. Municipal administration is perceived to look at this kind of development from their own perspective - from the silo. The establishment of the Helsingin Leijona caused the ecosystem to have a coordinating body that cohesive power in the project, and which sees the bigger picture. One of the interviewees feels that since the project has progressed, this has been an important aspect for the development of city-space thinking. In the future, similar projects can be simpler exercises, add another interviewee.

## **Legitimacy**

When asked whether all actors involved in the development of Torikorttelit understand fully the nature of the project and its purpose, the answers are divided. In few opinions the participants were seen sufficiently aware of the purpose of the project. For others, the participants have not been at all aware of the purpose of the project. One interviewee points out that although the city government has had a clear intention on what the project is aimed at, it has not been comprehended sufficiently enough to anyone other than the Helsingin Leijona. This, according to a few interviewees, has led to challenging situation of getting other participants to act for the regeneration objectives.

The fact that the timely goals have not been achieved from the point of view of Helsingin Leijona as well as the organization would have wanted, is still understood. This is perceived, inter alia, due to the various aspects regarding the budget and the various tasks of the participants. But some of the interviewees talk about qualitative goals and how difficult they were to communicate. For example, Tilakeskus is familiar with the development of different urban structure but especially with such projects such as schools, kindergartens and hospitals. One respondent points out that enlivening and regeneration is intended to make a very different kind of project: urban place and environment. This is not considered to be natural to the Tilakeskus, as the organization has not worked in similar development projects.

A few interviewees point out that the Helsingin Leijona had to constantly justify their assignment of regeneration to other participants. This was thought to be exhausting. On the other hand, the role of the Helsingin Leijona is to look at the bigger picture, as it is not the similar sort of specialized participant as other city organizations. One respondent points out that the ecosystem does not function or grow organically, but there must be someone who has a vision of development with the logic of a commercial operator.

## **Trust**

Some respondents believe that there has been enough trust in the regeneration of Torikorttelit, which has enabled the project to proceed. But shortcomings are also raised in the trust issue, that have slowed down the project. On the other hand, it seems that trust is difficult to define for the interviewees. At the general level it is felt that there is no lack of trust in the city's real estate business. In the redevelopment of the Torikorttelit, the respondents point out that the challenging situations may have been related rather to the questioning of the objectives of the Helsingin Leijona. One interviewee argues that the Helsingin Leijona may have been perceived as having pushed too much the business goals, for example at the expense of building protection. In addition, it is pointed out that, in this kind of redevelopment project there are also the power settings that are cultivated throughout the project.

Some respondents mention also that the in the city management and political leadership there has been trust in the progressing of the Torikorttelit regeneration. This is based on trusting the role of the Helsingin Leijona in the management of Torikorttelit. In addition, the board of directors of the Helsingin Leijona has had confidence in the CEO's ability to take the processes through.

### **Mutual awareness**

When asked whether the participants in the ecosystem have mutual awareness of the project's goal and whether that has any greater value in the development project, there are contradictory answers obtained. In part, some feel that the goal and the value effect have not been known to everyone, while some believe it has been known and acted as the core of development. Some feel that this could have crystallized along the way, though to not all participants. According to one interviewee, the project's regeneration function was initially introduced to all parties. But in this respect, it is believed that there would not have been ambiguities in objectives, but rather in the meaning of objectives.

It seem that it is difficult to determine a common identity for the value creation of the Torikorttelit ecosystem. One interviewee says believing the objectives of all parties were clear, but the procedures would have been a differentiating factor which, on the other hand, could have kept the distinctive institutional logic back. However, it is mentioned by one interviewee that Torikorttelit has been a success in the municipal context in regards to the fact that decisions have been made within a reasonable time and that the actual implementation has been carried out.

## **6 Conclusions**

The aim of this thesis was to study: 1) some of the structural premise in a regeneration project and real estate development in historic centre, and 2) regeneration managed by city-owned subsidiary. The findings are studied by conducting literature review, and the previous research on the topic can be found in chapter 2. The purpose of these was to function as a background into the subject of regeneration with its interconnections with built heritage (chapter 2.2), urban policy (chapter 2.4), urban planning (chapter 2.5), city-owned subsidiary (chapter 2.6) and governance (chapter 2.7), and as an introduction to the themes before the case study.

Furthermore, the purpose was to study how Torikorttelit has been launched from the motif of urban regeneration, and whether some of the individual components of the project reflect the characteristics of the academic literature around the themes. In addition, the aim was to study of the ecosystem concept by Thomas and Autio and its applicability in a context such as this, and further examine especially the value creation and governance system. The purpose was to present the network of participants in a historical centre regeneration project, and bring forth how the ecosystem is governed. The task was, also, to study how effective is the urban governance in a regeneration project, such as Torikorttelit, in establishing, maintaining and managing a forward-going, utilitarian and relatively functioning development.

The city of Helsinki has had a clear intent in the regeneration project, and the opening shot for the initial start of the project has happened both from the hands of political entity and public officials. Of particular importance in the regeneration project is the influence of the local government's ideological orientation and of the role of individuals, which entails that the urban policy practices are not only determined by inexorable and faceless forces, but they are subject to political will and the policy choices of local officials.

Some of the City of Helsinki's commercial real estate function on an ideological basis, and are still in the ownership of the city due to ideological standpoints. The ideological background in Torikorttelit is that exceptionally valuable historic quarters should be owned by all the citizens, and not allow them to fall under private sector. This ownership interest is based also on the regional competitiveness and the advocacy of the centre. This relates to preventing of a satellite urban structure to be born in Helsinki. Centre is considered as an integral part in e.g. having a competitive city or preventing the negative aspects of segregation. Through this thought process, Torikorttelit is considered as part of the bigger picture. Furthermore, the regeneration of the Torikorttelit area is not considered as a separate project, but as part of creating appeal to the wider maritime Helsinki area, which would result into businesses, citizens and tourists to gravitate to the area.

As a City-owned public corporation, Helsingin Leijona enjoys a considerable amount of operative freedom, which is entitled to it within its strategy and regeneration purpose. However, due to the fact that the properties within the area are not in the balance sheet of Helsingin Leijona, it has a limited amount of financial freedom, which in turn creates occasional conflicts with Tilakeskus in the development objects. Mostly these conflicts are the result of Helsingin Leijona not being able to highlight the general purpose of the project in such way that Tilakeskus would act according to Helsingin Leijona's wishes. However, Tilakeskus itself has its own purpose and task, which does not collide with the one of Helsingin Leijona, but steers the development in budgetary manner, and the organization sees its role from within its silo. In addition, another entity, Helsinki City Museum, has conflicting views with the development organization in what can be done in the area and what is prohibited. The museum's point of view is in preserving urban values through conservation. This safeguarding of old buildings is sometimes viewed as going too far, but here too, the museum has its own basic task and it views the development of the area from its silo. However, even with the sometimes conflicting objectives and perspectives resulting into e.g. delayed project, or not being able to have all the fragments situated into the area from the regeneration set of Helsingin Leijona's standpoint, this project is considered as successful on a city scale. Not only have the developments through the regeneration strategy created new services and businesses in the area, but the project has also functioned as a platform in creating appeal for the wider area of maritime Helsinki.

It emerges from the interviews that a city-owned subsidiary can be viewed as a tool which reduces the slowness of a direct democratic decision-making, overcomes the slowness of sometimes incompetent cooperation between city organizations, and brings a project and process into one entity. Helsingin Leijona is considered as a tool through which the city's management's will is channeled, is politically controlled and has a bigger agenda for the whole of the city, than many of the other subsidiaries in the City of Helsinki.

Torikorttelit development project falls under the specific logic of an urban governance network. The regeneration project's elements can be viewed as a search for efficiency in

policy-making and implementation, and on democracy and participation. In Torikorttelit project there have been established and maintained a relatively functioning network based on, sometimes, active engagement and trustful exchanges by the relevant actors, in which communication and negotiation links are of important aspect. Some of the criticism of the urban governance networks about the democracy can be seen in the Torikorttelit development as well, however, the democracy and transparency seems to be secured through having, not only public officials, but especially the city elected in the board of the regeneration subsidiary. The internal conflicts in the Torikorttelit network are sometimes challenging to resolve, and building a sufficient amount of trust between the actors can be difficult, when the actors are autonomous but interdependent. However, the network interactions seem to be about negotiations or bargains, as well as, partnership nurturing, and the resulting situation is, according to the interviewees, a fluent project at least in the City of Helsinki's context. Torikorttelit, however, is not implicitly a horizontal network, and one can itemize an authority structure, as well as hierarchies, although these seem to merge imperceptibly and inextricably into the operation culture.

Based on the interviews, existing practices and cultures of different organizations in City of Helsinki largely determine, before the ecosystem is born, what kind of qualities shall prevail in the ecosystem. Participant's viewpoints can differ - especially when it comes to a historically valuable building or an area - but it is also the role of the different participants to uphold the people's ownership of the city from different perspectives, such as the economy, historic milieu, commercialism, cityscape, tourism or events. Helsingin Leijona bounds together the entirety, but also regards regeneration from a broader perspective, including the development of maritime Helsinki and securing the vitality of the centre.

The content of the regeneration in the Torikorttelit has been delegated to a specific city-owned subsidiary, which has been established to become a specialized company with a specific task, and which can be used, at the same time, to ignore the city's slow decision-making. It could be said that in the Torikorttelit development, the whole of the city's organizations have taken shape as a development ecosystem in which the various participants interact more closely than they would, without the presence of an ecosystem owner - Helsingin Leijona. The value creation of the development ecosystem can be seen in many levels, but the most important of them will be the principles of development and revitalization defined by the city government, at the very beginning of the regeneration project. Based on the study, all participants in the ecosystem do not necessarily experience or see these principles from the same point of view as the Helsingin Leijona, which governs the ecosystem.

The ecosystem entirety surrounding Torikorttelit is complex and with a lot of participants. Helsingin Leijona is the single most important participant in the ecosystem, binding it together. However, especially now at later stages, the most important company in the ecosystem can be replaced over time, but other participants of the ecosystem can continue to implement a common vision, though through their fundamental basic task. The success of Helsingin Leijona is therefore the result of a larger entity. The participants in the ecosystem entirety surrounding the development of Torikorttelit can be seen as having more influence on Helsingin Leijona, than the organization has over other ecosystem participants. However, the Helsingin Leijona is the most important participant in the ecosystem, and its complementariness is within that it serves as an owner of the ecosystem. At the same time, the role of other participants is to be complementary actors.



One forward-looking aspect is that the mentality of the ecosystem is devised so that if the city is building an ecosystem for real estate development, it is not necessarily possible to pinpoint precise boundaries. Future participants can be named, but the quality of the interaction between the participants is unknown. When designing the future ecosystem, it could be worthwhile to try to identify, in particular those organizations, that will be in close contact and with whom there will arise interdependencies. In particular, it is of importance to ensure the necessary level of trust in the ecosystem, a shared understanding of the nature of the project, an understanding of the role of the participants, awareness of the project goal and clear goals for value creation. An operator such as the Helsingin Leijona, who has a governing role in the ecosystem, plays a vital part in ensuring these.

In order for an ecosystem to succeed, participants in the ecosystem should have a mutual awareness or vision of the nature of existence of the ecosystem. It is a common and equitable support for all participants in the ecosystem and creates opportunities for value creation. Most of the respondents are arguing very similarly about the existence of the Torikorttelit ecosystem. The main emphasis in the answers is the regeneration. One respondent perceives the revitalization of the Torikorttelit, as a unique development project, in which the historic core of the city and the landscape-wise iconic location are completely different from what was in the past. From this point of view, the uniqueness of the Torikorttelit development is accompanied by commercial livelihood and logic, but alongside it there is a symbolically and physically significant opening to the citizens of Helsinki. Some of the interviewees also addressed this issue from a broader perspective, associating the regeneration project with defending the entire city centre from atrophy.

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## **List of Appendices**

Appendix 1. Interview questions. 1 page.

## Appendix 1. Interview questions.

Kyseessä on historiallisesti arvokkaan alueen kehitys- ja elävöittämisshanke, jonka markkinointinimenä toimii Torikorttelit ja jonka kehityksestä vastaa kehitystyötä varten perustettu kaupungin tytäryhtiö Helsingin Leijona Oy. Käsittelen työssäni etenkin Helsingin Leijona Oy:ta ja sen tuntumassa olevia tahoja.

Ekosysteemi liiketoiminnan näkökulmasta on laajennettu käsite. Ekosysteemi käsitetään usein enemmänkin metaforisena kuin eksaktisti määriteltynä käsitteenä. Kuitenkin viime aikoina on tullut esiin akateemista kirjallisuutta, jossa tätä määritelmää muodostetaan ja sitä on tuotu esimerkiksi rakennusteollisuuden pariin mm. Aalto-yliopiston tutkimuksissa. Itse käytän teoriaosuudessa London Imperial College Business School:in Thomas ja Autio (2014) tutkimusta, jossa luodaan organisaatioteorian ympärille lisäaspekti, joka on ekosysteemi.

1. Millainen on Torikorttelit hankkeen ympärillä oleva Osallistujien verkosto (Network of Participants)?
  1. Mikä on eri osallistujien erikoistuminen (Specialization)
  2. Mikä on se arvo / täydentävyys (Complementariness) mitä eri osallistujat tuovat mukaan verkostoon?
  3. Muuttuvatko eri osallistujien panos erikseen tai yhdessä projektin aikana? (Co-evolution)
2. Millainen hallintotapa (Governance) Torikorttelit -hankkeessa on? Onko se toimiva?
  1. Miten valta on jaettu osallistujien kesken? (Authority structure)
  2. Millaiset säännöt jäsenyydellä (Membership control) on?
  3. Miten tehtävät koordinoidaan (Task coordination) ja onko toiminta sujuvaa (smooth operation)?
3. Minkä näet itse Torikorttelit -hankkeen yhteisenä logiikkana (shared logic)? Johdonmukaisuus?
  1. Onko osallistujilla jaettu ymmärrys Torikorttelit -hankkeen/-ekosysteemin luonteesta ja tarkoituksesta? Mikä se omasta mielestäsi on? (Legitimacy)
  2. Luottamus (Trust) on perusta onnistuneelle arvonluonnille, koska se helpottaa tarvittavaa laajaa tiedonvaihtoa ja toimii epävirallisena mekanismina tehtävän koordinoinnissa. Onko mielestäsi hankkeen ympärillä tarvittava määrä luottamusta toimijoiden välillä? Miten näet tämän yleisellä tasolla kaupunkikehittämisessä?
  3. Keskinäinen/yhteinen tietoisuus (Mutual awareness) tarkoittaa enemmän kuin yhteistyötä. Se tarkoittaa leimallista institutionaalista logiikkaa, jossa on kollektiivinen identiteetti arvon luomisessa. Näetkö, että Torikorttelit -hankkeen ympärillä olevilla toimijoilla on yhteinen tietoisuus yhteisestä päämäärästä ja arvon luomisesta?